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FIELD HEARINGS IN NEW JERSEY ON TRANSPORTATION MATTERS

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

FIELD HEARINGS

Trenton, NJ
Effects of Administration's Budget on New Jersey's Transportation-Related Plans and Programs

Newark, NJ
Newark International Airport Transit Link

Printed for the use of the Committee on Appropriations

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EFFECTS OF THE ADMINISTRATION'S BUDGET ON NEW JERSEY'S TRANSPORTATION-RELATED PLANS AND PROGRAMS

THURSDAY, MARCH 10, 1988

U.S. SENATE,
SUBCOMMITTEE ON TRANSPORTATION AND RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS,
Trenton, NJ.

The subcommittee met at 10:05 a.m., in room 334, State House Annex, Hon. Frank Lautenberg (chairman) presiding.

Present: Senator Lautenberg.

NONDEPARTMENTAL WITNESSES

NEW JERSEY DEPARTMENT OF TRANSPORTATION

STATEMENT OF HAZEL FRANK GLUCK, COMMISSIONER

OPENING REMARKS OF SENATOR LAUTENBERG

Senator LAUTENBERG. I'd like to call the hearing of the Subcommittee on Transportation of the Senate Appropriations Committee to order. Today we're going to be hearing from a number of witnesses about the effects of the administration's budget on New Jersey's transportation-related plans and programs.

For the third year in a row, the Reagan budget turns its back on transportation programs vital not only to New Jersey, but to everyone who depends on a balanced, coordinated transportation network. We can no more ignore the need for investment in transit, for Amtrak and highways, than we can in making certain that we have adequate Coast Guard funding and resources to make the skies safer.

Finally, after years of prodding and congressional insistence, the Reagan budget requests additional moneys for air traffic controllers and Coast Guard drug interdiction personnel. It's about time. The safety of your skies, the protection of our borders, the fight against drugs, cannot be ignored.

But, the administration would prefer to do it by robbing Peter to pay Paul. FAA and Coast Guard increases would come at the expense of highways, transit, and Amtrak. One of the biggest battles that I've had in the Senate is to get the administration to view transportation in a

balanced and fair way. We can't pull the rug out from under Amtrak, the Federal Highway Administration, and the Urban Mass Transit Administration.

Had I not fought as hard as I did, had I not leaned on my colleagues in this Senate about mass transit and Amtrak, the transportation network in New Jersey would be in far worse shape.

Never underestimate the power of the Presidency. When the President sends to Congress a budget that doesn't include adequate funding for our highways or mass transit or rail needs, it's a struggle to reverse that directive and it's an uphill struggle to get them funded.

I fought the President's request. It's a message that I carry around Washington. And I'll have to keep carrying that message. A balanced, coordinated, and well-planned transportation system is essential to our nation's economy and especially to New Jersey's.

New Jersey's highways move products from factories and ports, to warehouses and stores. They take people back and forth to work, and so does our rail system. If we in transportation don't provide a system that moves the products and gets the people to where the jobs are, then we haven't done our job.

Commuters sit on congested highways, transit riders face a 9-percent fair hike, and inner-city residents can't get to the suburban jobs. Every New Jerseyite has a stake in the solution, a solution that is not going to forsake our quality of life or choke off our economic growth.

As chairman of the Subcommittee on Transportation, I've been able to secure a number of projects for New Jersey. Fifty million dollars is being directed to improve the Route 1 corridor. Federal funds are fixing the Doremus Avenue Bridge in Newark and completing highway I–287. I fought the President's directive to rescind the funding for the Atlantic City rail line. And I fought to reserve funding for the improvements of the North River rail tunnel and the development of a new transit system on the Hudson waterfront.

But given the hostile administrative climate in Washington, given the incredible pressure to cut those programs important to our state, to cut spending, cut and to balance the budget, increases for transportation funding are not going to be easy. In fact, some of the very projects we've started on are threatened. And while we've begun to upgrade the North River transportation—the Hudson rail tunnel between New Jersey and New York—and to make it safer, the administration wants to put the brakes on safety spending on the Northeast corridor.

We face a tough challenge. The federal budget is squeezed. But the demands on our transportation system still grow. And we need to answer those demands together. We need to ask whether or not the state of New Jersey is doing all it can? Are the funds generated from gasoline taxes being used the best way possible? Is the state's surplus off-limits for improving the transportation crisis? And, finally, can more be done to plan better for the future, to continue New Jersey's growth, while preserving the quality of life that we care so much about?

We're here today to assess the harm that the Reagan budget would do to New Jersey, to its workers, to its businesses. And we're here to organize and to plan our response. To set the priority. To enlist the state's support and to plan for us to work together, the state and the federal government, to accomplish the tasks that are ahead of us.

I'm pleased to have as our first witnesses the Commissioner of Transportation, Hazel Gluck, and Jerry Premo, the Executive Director of New Jersey Transit. I would invite them to the witness table at this point.

We welcome Commissioner Gluck. We know how hard you work to make transportation more efficient, to try as much as possible to keep the fare box from having to soak up too much of the travelers' funds, and we invite you to present your testimony at this time.

STATEMENT OF HAZEL FRANK GLUCK

Mrs. GLUCK. Thank you very much. Welcome to Trenton. You have started a new trend, you started this hearing almost on time. That's unheard of in Trenton, so perhaps your lead will be followed in the future.

Thank you for the opportunity to speak on the effect of the President's proposed fiscal year 1989 budget, the effects it would have on New Jersey's transportation program.

As you well know, New Jersey is a corridor state which functions as an integral link in the national movement of people and goods. New Jersey is also a rapidly growing center of commerce and business and a recreational mecca.

As such, New Jersey experiences high levels of traffic in all modes of transportation. The New Jersey Department of Transportation is very concerned about the future of that system and how it will continue to function effectively on both the state and the national level.

The state legislature recognizes the importance of stable funding by renewing of the state's own transportation trust fund earlier this year. That renewal was funded by a 2½-cent increase in the state's motor fuels tax and another 2 cents earmarked for transportation from previously undedicated transportation revenues.

This gives the trust fund authority a total of 7 cents of the 10½-cent gasoline tax to use to fund transportation improvements.

Based on continued federal funding and state appropriations, that trust fund will provide for a $901 million transportation capital construction program in state fiscal year 1989. That includes New Jersey Transit.

Obviously a reduction in federal funding for either or both state transportation agencies would have a direct impact on the ability of the New Jersey DOT and New Jersey Transit to deliver critical transportation projects.

On the highway side first.

IMPACT ON HIGHWAY PROGRAMS

The proposed budget reduces spending in the highway program by reducing the national fiscal year 1989 obligation authority, the amount we're allowed to spend, and including demonstration and special projects under that obligation authority.

And that's a very important point because you have been successful in getting us demonstration projects as has Congressman Howard. But they were always outside of the obligation authority. Now they're talking about putting them under the obligation authority, which means it now becomes a pull and a tear as to where do you take that money from on a project you promised some other part of the state, which I know was not anybody's understanding how it would function.

Only emergency relief programs and minimum allocation states would be outside the obligation authority. In addition, the demonstration and special projects that are currently 100 percent federally funded would be funded 80 percent federal and 20 percent state, which means we have to take whatever small amount of state moneys we have and we had a diminution of that from the first trust fund to the renewal, and applied 20 percent to those projects that were originally 100 percent federally funded.

State funds are already diminished, and when we reduce federal contribution, we would have to take funds from other parts of the state program in order to fulfill these projects. I know that's not what was intended.

A preliminary analysis indicated that if the discretionary reserves for fiscal year 1989 are made in the same manner as fiscal year 1988, New Jersey will receive approximately 2.27 percent of the national obligation authority. This translates into $242.53 million in obligational authority for New Jersey, which is a reduction of $24.28 million from the fiscal year 1988 levels for us.

As I mentioned earlier, New Jersey DOT proposed capital program for fiscal year 1989 is based on the assumption of $350 million in obligation authority for New Jersey with a minimum of $310 million made available.

As you can see, there will be an adverse impact and the New Jersey transportation program will be diminished.

If you would, I enclosed a chart in this testimony. It's really pretty dramatic in showing areas. As you can see, the Surface Transportation Act was enacted so we would have 5 years of level funding that go from 1987 to 1991, as you see from the last five graphs.

As you can see from the bar chart that we have superimposed over that, you can see that while that is what Congress said we would be funded, the obligation limit keeps dropping. That means the amount we're allowed to spend. So there's a gap between what we're allowed to spend and what was originally proposed by the legislation, the federal legislation. And that means that that money obviously is scooped up to be used maybe to take care of the deficit or whatever, but it sounds good, because that's what Congress passed. It's so terrific because we're only allowed to spend up to a certain amount.

HIGHWAY PROJECTS THAT MAY SUFFER

If the obligation authority proposed by the President's budget prevails and the demonstration and special projects are not 100 percent federally funded, the following projects may suffer:

Routes 1 and 130 interchange. This project in Middlesex County consists of construction of a grade-separated interchange to replace the existing intersection and traffic signal at the junction of Routes 1 and 130. This intersection is badly congested, as I'm sure you might know, and has a high accident rate. This was a demonstration project, yours, with 100 percent federal funding. There's a possibility that could be in trouble.

The Route 19 Freeway. The project consists of grading, paving, drainage, and structures at the interchange of what used to be Route 20F and Route 180 in Paterson. It would complete the partial interchange with I–80 and tie into Paterson's new peripheral roadway system, which I know they're very interested in having completed. It was developed jointly with Paterson and Passaic County. The cost is $32.625 million. It's a special project with FAUS funds and there's a possibility that would be affected. It's a new alignment. So that would be something that, probably in the big scheme of things when it comes to priority, we have to look at very carefully.

Interstate 295, which is very important to this area and to a lot of south Jersey. This is a continuation of 295 from Route 130 in Bordentown to north of Crosswicks Creek in Hamilton. It's part of the Trenton Complex. It's a new alignment. That's $34.3 million. And construction in 1989 had assumed interstate discretionary category in order to construct this section in this year. So we made that assumption, and I think, again, I have to reiterate that these would be affected if the President's budget and the demonstration projects and special projects are not 100 percent federally funded. If we're able to reverse that, then these projects will not be affected.

It's almost a backing off of what Congress started out to do and President Eisenhower started out to do in the fifties by completing the interstates across the United States. Not completing, really beginning so we would have highways that went from California to New Jersey and so forth.

And we are very close with this Surface Transportation Act, we're supposed to finish the interstates in the United States and, therefore, we are all kind of concerned as to what the new act would look like and what it would do. This would probably have a drastic effect, not only here, but other places on the completion, in my opinion, on the completion of those interstates.

In addition to these specific project cuts other funding changes could occur, as much as $108 million in all categories.

The entire New Jersey highway program and its funding source, the trust fund, is anticipated on a stable federal funding source of $350 million annually. Any level of funding below that amount and/or reorientation of funding formulas for demonstration and special projects would

necessitate cutting critical projects and the realignment of priorities, which is tough enough anyhow. Already scarce state dollars would have to be used to fully fund projects.

PUBLIC TRANSIT FUNDING

Now to public transit. Although Jerry Premo will give you specifics, I want to say just a few words about how hard public transit would be hit by the proposed budget.

Total public transit funding would be cut 52.5 percent. The proposal eliminates all discretionary grants and terminates operating subsidies to large and medium cities. In addition, the proposal would increase the required local match on federally funded capital projects from 20 percent to 50 percent.

These kinds of figures are clearly unacceptable for states such as New Jersey that depend for much of their economic livelihood on the availability of reliable, safe, efficient public transit systems. I cannot begin to guess how our public transit system would survive such cuts.

The Motor Carrier Safety Grant Program receives an increase to $60 million from $49.99 million. And while the increase is welcome, I cannot stress too much that New Jersey's transportation depends on the viability of all modes.

Aviation would receive approximately the same as it did in fiscal year 1988. While I am glad there's no cut, the state's aviation is in constant need of assistance for safety improvements.

In summary, Senator, you can see the budget as proposed for fiscal year 1989, could have a disastrous effect on New Jersey's transportation. The highway program would be seriously compromised and the public transit program would be decimated.

In light of the landmark congressional action last year in which Congress over-rode a veto of the Surface Transportation and Uniform Relocation Assistance Act of 1987, it would be ironic indeed for Congress to appropriate anything less than what was authorized by this act. We look to you, and the rest of the New Jersey delegation, perhaps in coalition with your colleagues from the Northeast and other areas of the country to protect our citizens' interest.

Thank you for giving me this opportunity to testify on these matters of great concern to New Jersey, and I would be pleased to respond to any questions you have.

Senator LAUTENBERG. Thank you very much Commissioner Gluck. What we'll do is we'll save our questions until Jerry Premo has made his statement and then it will be open season for both of you.

NEW JERSEY TRANSIT

STATEMENT OF JERRY PREMO, EXECUTIVE DIRECTOR

Mr. PREMO. Mr. Chairman, thank you so much for giving us this chance to talk specifically about our transportation needs here in New Jersey.

Amplifying what Commissioner Gluck who chairs our New Jersey Transit board of directors has said, the 1989 budget is bad news for commuters in New Jersey. As you know, we at New Jersey Transit operate 20 of our 21 counties in New Jersey.

Created by the legislature in 1979, we've been working on the railroad and, yes, on the bus system as well, and we've turned around a decline since World War II in transit usage in this state. Ridership is up, up more than any railroad in America since World War II. We're up more than 40 percent on our New Jersey Transit rail network and we've had 4 out of the last 5 years increases in the past.

UMTA has been a catalyst for helping us to turn around decades of neglect. Federal grants, both formula and discretionary provided about 70 percent of our capital improvement program in the 1979 through 1987 period. We're not alone here at New Jersey Transit in turning around public transit. You've traveled to other cities and seen the values of these federal investments. Yet the federal percentage devoted to public transit has been dropping from 17 percent of the total federal transportation budget in 1982 to 11 percent in 1988. As a percentage of the federal budget, it dropped from six-tenths of 1 percent to a fiscal year 1988 of 0.27 percent of the budget. The budget now submitted for fiscal year 1989 reduces it to 0.12 percent of the federal budget. This does not suggest a continued federal, state, and local partnership in public transit.

Our economy here in New Jersey depends on a strong statewide and balanced transportation network and that's what the commissioner is doing in advancing both a highway program and a companion transit program. We face major problems in trans-Hudson crossings as well as movements within New Jersey. The board has received from staff a transit plan for the 1990's, and we're embarking through the renewal of the transportation trust fund on projects designed to satisfy intra-New Jersey movement as well as movement across our borders to Philadelphia in the south and New York in the north. That program is one we'd like to submit for the record.

It's one that I know you've expressed keen interest in, Senator, and we appreciate that interest.

We're looking at south Jersey transit needs and looking at suburban New Jersey commutation needs. We think that this plan for the 1990's can be a real answer to both of those problems. If we're going to meet new demand and upgrade what we have, continued federal partnership is vital, but we recognize that federal money alone is not the answer.

That's why the state of New Jersey under the Governor's leadership and with the commissioner's unrelenting support and leadership, moved ahead with renewal of the transportation trust fund. Just 2 months ago the Governor signed legislation which renewed New Jersey transportation trust fund for the next 7 years. This fund, in concert with money from the Port Authority of New York and New Jersey, is projected for the next 1½ or 2 years to provide about one-third of our capital program. We look to UMTA for the balance, the remaining two-thirds of the program.

DEVASTATING EFFECTS ON PUBLIC TRANSIT

Having said that, the fiscal year 1989 budget would devastate our public transit prospects. A total of $80 million in capital funds would be cut based on the forecast we've made. It would reduce our 1989 capital program to less than one-half of its size as approved by our board.

It would be impossible to maintain the existing transit system with this kind of funding. This increase from 20 to 50 percent will further eat into what limited 100 percent state money we have available and would really create a major problem in our capital program.

Having said that, the budget also proposes the elimination of operating assistance for large urbanized areas and medium urbanized areas. It would mean a $37.6 million cut in New Jersey Transit's federal operating assistance. If we had to, if we had to make this up through fare increases to give you a sense of dimensions, that would be a 12- to 15-percent increase in fares for our riders. This is on top of the 9-percent fare hike needed to balance our budget for the upcoming year which we are soon going to discuss in 14 public hearings throughout the state.

On a final note, I want to emphasize our appreciation of your continued support for a strong Amtrak link, Mr. Chairman. The President's budget proposed elimination of aid for Amtrak and the elimination of the Northeast Corridor Improvement Program. Two-thirds of our riders each day ride on the Northeast corridor. Whether on the corridor itself or riders who join the corridor from our Raritan Valley and North Jersey Coast Line, elimination of federal operating assistance for Amtrak would threaten the viability of corridor operations on which these passengers depend.

It's essential to this state's economic well-being that the federal transit role be continued, if not strengthened in future years. New Jersey has made the commitment, particularly through the Governor's and the commissioner's leadership on renewal of the transportation trust fund. The citizens have voted with their support of transit with these dramatic increases in ridership. We believe that the federal partner needs to do the same as well.

Thanks to your continued advocacy and support of public transportation and a balanced transportation network.

Senator LAUTENBERG. Thank you very much, Mr. Premo. I'd like to say, for the record, that I have had the best level of cooperation working with you. We hear from you about New Jersey's needs on a regular basis. You are a frequent visitor. I would say frequent flyer, but I assume you use the train. So as someone who is a proponent for the New Jersey Transit system for the transportation needs of the state, I think there is a measure of pride that ought to be recognized by the people for whom you provide a service.

New Jersey Transit has held up as one of those systems that works exceptionally hard to keep in balance the needs of the system, the reliability, safety, et cetera, at the same time struggling with trying to maintain a fare base reasonable for the rider, and, again, my compliments to you.

I know many of Jerry's colleagues in the transportation industry, heads of other systems. People tell me with and point with pride to the fact that it's possible to do the job by using New Jersey Transit as an example of the kind of work that can be done, though things are, as they say, imperfect.

But the effort is there and the leadership is there and I commend you both for the focus that you placed on transit in our crowded little state, the most densely populated in the country.

We are the epitome, I think, of what can be done, what must be done when a state has the kind of growth that we've witnessed. At this point we're all feeling good about New Jersey's economic situation. We would like to see decline in unemployment, we would like to see new investment capital. But not if it's done in a way that prevents you from going from here to there, that has people sitting on the highways, not only losing time, creating pollution, creating problems, taking time away from their families, taking time away from a certain quality of life that people are looking for these days, then the growth eventually will start to strangle us and not support itself.

I'm fighting a constant battle against a philosophical, ideological tide to try to wipe out assistance for transit, trying to reduce highway funding, trying to change the ratios, trying to push the burden back more on the states and on the communities to carry the load.

They just can't do it. It's impossible to have the kind of capital investments necessary for highway construction, transit needs, et cetera, coming from local residents. Federal government has to participate.

I would hope wherever you have an opportunity to join with me in a fight, Commissioner, from the State House here in Trenton to the White House in Washington you will. We need to put pressure on this administration, and it is not sufficient to say cut the budget. Cut the budget. Cut the spending. Reduce the budget deficit. I agree with reducing the budget. I come from the corporate community, I know what it is like to work with a balanced budget.

But I can tell you this, we can not deal with this on both sides of the issue and be realistic about it. We have to challenge the priority that this administration is raising. In the administration's proposal the agricultural community got some help, but I don't want to see them get help at the expense of the development of the industrial communities.

Busy states like ours have a contribution to make that certainly, in my view, is equal to that of the agricultural community. We're spending $25 to $26 billion a year in subsidies and assistance. Well I think when we do that we must recognize that we take away a large part of the opportunity that indeed belongs here.

Even before the announcement of the Reagan budget there were reports that the state was facing a transit funding shortfall. What's the nature of the shortfall and how are you going to deal with it?

Mrs. GLUCK. Let me begin by saying I think, as far as this issue is concerned, Senator, we have made our feelings known and this is a good opportunity to make them known again. The Governor made his

feelings known with regard to the cuts in transportation as well, and we will join with you to do whatever we have to do to try to make everybody understand that it's not just the Northeast, there's Florida and California and there are other states in this fix now as well. I think its Phoenix in 1989 that is going to some kind of program for 100 miles of light rail. There are people doing things around the country as far as you know for air pollution problems, mobility concerns. So it's not just the Northeast, and we will be happy to do whatever it is we can do to try to effect some changes.

I know it's going to be a tough battle, but I think it's worth the fight. I suggest we not beat a back issue. I don't know what your perception is, but it's mine that these are the deepest problem cuts that have been proposed.

With regard to New Jersey Transit and the funding of New Jersey Transit, the state has put about $35 million into New Jersey Transit's budget over the past 17 months, including a supplemental which is now before the New Jersey legislature.

The last increase in fares we had, I guess, was July 1986. Before that there were 3 years where there were no fare increases. What we're faced with now is the need to raise fares at an average of 9 percent to make up the shortfall in the budget to balance the budget, and we have to establish in this state I think an as equitable fare box as possible. It's something we've never done and it needs to be done and we——

Senator LAUTENBERG. What do you mean by equitable fare box policy? The riders are not paying enough—is that what you're saying?

Mrs. GLUCK. No; what I'm saying is the rider is paying higher in New Jersey than they're paying in any of the other systems.

Senator LAUTENBERG. Are you stating that as a fact? Is the New Jersey transportation user, public transit user paying a higher fare than users in other states or other systems around the country.

Mrs. GLUCK. Yes; a higher percentage than other systems.

Senator LAUTENBERG. How does that rank?

Mr. PREMO. Nationally, riders pay 39 percent of the cost of running transit systems. Here under the 1989 budget that we've proposed it will be about 56 percent from the riders.

Mrs. GLUCK. But there's——

Senator LAUTENBERG. Are you saying 39 percent is being paid nationally at this point? Are you allowing for increases that they may be making? Ours is going to go, you say, to 56 percent?

Mrs. GLUCK. It is.

Mr. PREMO. It's 53.2 percent right now. When we get through all that is going on, including this modest fare increase, it will be around 55 or 56 percent.

Mrs. GLUCK. If I may, Senator, there's the other side of the coin, and that is that New Jersey is fourth or fifth in the country, in the states in their subsidy of transit. We have a missing component in New Jersey, it's called the local share, and that chart you have before you is really apples and oranges, in my opinion, because we don't have a city like

Pittsburgh or LA or Chicago that is paying into this mix. You might take all of New Jersey and say they would be equivalent to what would be a local share of a large city So what we have here is we're paying the highest percentage for those of us who are transportation riders. By the same token the state is fourth or fifth in the country.

Senator LAUTENBERG. We don't have city income taxes. Our whole matrix is different.

Mrs. GLUCK. Exactly right.

Senator LAUTENBERG. When we look at contributions by the state, by the state and local subsidies, it looks like New Jersey is one of the lowest contributors to public transit. The state is 32.8 percent. The fare is 56.5 percent. These figures, you must have looked at them I assume.

Mrs. GLUCK. Yes.

Senator LAUTENBERG. Are they accurate within a reasonable degree?

Mrs. GLUCK. Yes, they are.

Senator LAUTENBERG. So that New Jersey's contribution overall, the conclusion I draw, is substantially less than almost any other place. We have here the major systems, Seattle, Boston, Pittsburgh, Los Angeles, et cetera. And New Jersey's state contribution or state and local, we have no local you're saying, is relatively small.

Mrs. GLUCK. The state and local, yes. The state alone, no. State alone is fourth or fifth, and we are fourth or fifth in this country, if you want to match state contributions, we are fourth or fifth highest in the amount of money that we give to this system. This system happens to be a state system which the others are not.

Senator LAUTENBERG. Does the state give enough? Does the state do enough to promote transit?

Mrs. GLUCK. Absolutely.

Senator LAUTENBERG. It does. So there should be nothing more contributed by the state?

Mrs. GLUCK. No; I don't mean to say that. I think we have to decide, and what we're going to be working on is what is an equitable amount for the people to pay who ride the system percentagewise. Is it 50 percent, is it 48, 52? And what is an equitable amount for the state to contribute? And once we get that equitable fare box policy, we're not going to get to it overnight, but we'll get to it over a couple of years, and that's what we're working at now with the staff of New Jersey Transit and with the board of New Jersey Transit.

So I would probably see in the future that we would be giving more money from the state, but we will never give between the state and local as much as that chart shows because there is no local.

Senator LAUTENBERG. OK. But let's leave the chart aside. You say the chart's erroneous in its presentation. We talk about contribution that the rider is making to the fare box, it's called an equitable——

Mrs. GLUCK. I call it equitable fare box policy. I can't call it a fair fare box policy.

Senator LAUTENBERG. OK. And you're saying at 56 percent, that that's equitable? Is that the target you'd like to arrive at? What would you

like to strive for? We can't relieve the rider of a fare altogether, that's not realistic.

Mrs. GLUCK. I don't know. That's what we're going to be looking at and studying. We're not ready to make that kind of recommendation at this point to the governor, or the legislature.

Senator LAUTENBERG. You've been looking at this for sometime.

Mrs. GLUCK. We will.

Senator LAUTENBERG. Or is this a New Jersey project for the transportation problem to try to decide what is a fair fare for the rider?

Mrs. GLUCK. This is an idea that's been kicking around for a lot of years, and it's now at the point where we're going to develop it and New Jersey Transit and perfect it. This 55 or 56 percent is not a new high. I believe several years ago in the early 1980's it reached about this percentage as well, from my understanding, but I can't tell you what the recommendation is going to be because we don't have the proposals before you from the staff and from our advisory committees yet.

Senator LAUTENBERG. OK. Obviously we can't talk about this in the abstract either, because what happens is if people have to pay tolls to get to work, and gasoline costs, whatever they are, time lost, all these things have to be factored in some way to say OK, 56 percent is very good, or very bad. I would ask you this, please, and that is to try as much as possible to give me the tools to work with as I make the case in Washington.

I speak for states and communities that are dependent on transit systems, and I would have to also tell you this, a little vignette about my experience as chairman of this subcommittee. And that is, I never knew how many friends I had in the United States until I got to be chairman of this subcommittee. When it came time for me and my staff of the subcommittee of the Appropriations Committee to make funding decisions, people wanted to have coffee with us and things of that nature; including Senators from—you mentioned in your comment, from what looked like remote rural places. Salt Lake City now wants to study a light rail system. I have people patting me on the back and calling me Frankie. I haven't been called that since I was 5 years old by my mother, but they want to remind me that they're there.

It's a good position for New Jersey to be in, I must tell you, but the need is universal as far as the country is concerned. This country, in my view, we will be looking in the 1990's at transportation, besides war and peace and the basic economic issues, as the principal concern for our country.

There isn't a city in development, whether it's Atlanta or San Diego or Seattle or Denver, there isn't a city that has any kind of economic promise or any kind of effort to build that isn't looking at some way to transport people and goods back and forth more efficiently.

What effect, Commissioner, would the Reagan budget have on the state's highway plans?

Mrs. GLUCK. Well, as I said——

STATE'S HIGHWAY EFFORTS

Senator LAUTENBERG. You mention the specific, how about generally in terms of the highway programs that are under way or contemplated.

Mrs. GLUCK. Well, we've submitted to the legislature our fiscal year 1989 construction, capital construction program, and depending upon what happens with this budget, there may have to be some changes in it. And the areas that I've cited in here are three areas, one of which you were involved in personally, that are where there could be problems, and it's the obligation limit, which translate in plain English to what we're allowed to spend and not the act that was passed originally, and over a veto, but it's what we're allowed to spend. And the fact of the demonstration projects and special projects would be shunned under that obligation fund, they're going to cause us the most problem.

Senator, my tenure as Commissioner of the Department of Transportation has been mainly to try to pick up the promises that have been made in the state for the past 20 years about roads and bridges. Sometimes it hasn't been too much fun. We're close to fulfilling a lot of them. With this renewal of the transportation trust fund we expect to make things happen that people—these are all 20- or 30-year-old promises, route whatever it is. This will go a long way toward putting a barrier to those plans, because as the obligation level keeps dropping to make up the federal deficit, we have to either have more state money or we can't do it and we have to shift our priorities.

Senator LAUTENBERG. I look to you for advice, since I'm a member of the Budget Committee as well as the Appropriations Committee and the Environment Committee. No one in the state of New Jersey would argue about our need to continue to fight the battle to clean up the environment.

I'm on the Budget Committee looking at budget deficits, looking at needs in other areas, whether it be education, the fight against drugs and so forth. If I were to ask you for advice on budgeting to make sure that transportation gets its fair share, what would a quick snap shot response be on that.

Mrs. GLUCK. You mean——

Senator LAUTENBERG. If I go back and I fight the budget battle, now I'm in the Budget Committee, saying I spoke to my commissioner on transportation, her advice in terms of how to deal with this is——

Mrs. GLUCK. Senator, I couldn't—it's a tough problem and I couldn't begin to tell you where the cuts should be made, but you yourself just said, and I agree with you, that the problem in the 1990's, one of the biggest areas that we're going to have to be dealing with is transportation, whether it's for air pollution reasons, the environment, the quality of life. I agree with all the things and this administration agrees. I have a tough enough time putting the priorities into the construction program over the next 7 years. I don't envy you your job, but I don't know if I would be wise enough to tell you.

Senator LAUTENBERG. So often there is the automatic response of, get spending down in Washington. All they want to do is spend the money.

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I want to spend the money in the right places, and one of the places that you and I absolutely are going to agree on, we have to be able to move around this state of ours if we're going to enjoy a reasonable quality of life and a reasonable efficiency in terms of how we conduct our business.

GOVERNOR'S RESPONSE

Is it true that the Governor recently turned down a request from New Jersey Transit for a $32 million increase in the state transit funding?

Mr. PREMO. We put a budget together before our current fiscal year problems really came upon us. We have a supplemental the Governor has enthusiastically supported for an increase of $16.5 million. The budget proposes for next year a total above our current base of $18.5 million. Taken together those two actions which the Governor's enthusiastically supported will provide New Jersey Transit with $35 million in added money. That is more than what we requested when we initially put our budget together a year ago, last year.

Senator LAUTENBERG. You mean you were given a bonanza, that you didn't expect?

Mr. PREMO. Well, the bonanza is essential to balance the budget during the current fiscal year. We face in the fiscal year that ends this coming June 30 an unanticipated—a $16.5 million problem. I'm going to be testifying before the Assembly of Transportation Committee on that. The senate has passed through its committee support for the supplemental that the Governor recommended.

The reasons for that problem are three- or four-fold. Part of it is cut in federal aid last year. Part of it is increases in railroad retirement fees, which you and I don't have any control over. Part of it is the end of charter bus operations. That's on the one hand. Some of it is decreased revenue in our bus operations. In part $5 million in decreased revenue caused by fewer people riding our buses from Newark Airport into New York. We're down in ridership at Newark Airport largely because People Express is no longer operated.

When we initially put our budget together for next year we asked for a sum of money, but it was before the trends during the fiscal year unfolded. The bottom line is the Governor's budget recommended through a supplemental of $16.5 million and above our 1988 base a $18 million increase next year. That is a $35 million increase for New Jersey Transit. Very substantial when compared with the fare proposal that was made, Senator, which would be designed to generate $32.5 million in revenue from your riders, you see the state putting in more money than the riders.

We would adhere to the percentage that I spoke of earlier, we'd see the riders putting in more than the state, but in this case the priority was to help us balance the budget.

Senator LAUTENBERG. You had asked for $32 million.

Mr. PREMO. We ended up getting $35 million through these two actions.

Senator LAUTENBERG. That's why the bonanza reference, but initially it was my understanding that the Governor had declined, turned down the request for $35 million.

Mr. PREMO. I appreciate the chance to clarify it, because the decline really doesn't capture what occurred; namely, the need for the supplemental and building the supplemental for our base the next year.

Senator LAUTENBERG. What I hear you saying is that the force of the needs overtook the decisions that were made and elevated the concerns to the level that supplemental is, I assume, proposed by and supported by the legislature; is that it?

Mr. PREMO. Correct.

STATE BUDGET SURPLUS

Senator LAUTENBERG. Commissioner, we've all seen in New Jersey the kind of pot that exists with the budget surplus, 1 billion dollar's worth. Have you ever talked to the Governor about helping out in transit areas with some support from the surplus that exists.

Mrs. GLUCK. I'm going to answer that two ways. Yes; and that's how we got 2 cents out of the already undedicated motor fuels tax. I had asked for a nickel increase on the motor fuels tax in order to renew the transportation trust fund, and went out and tried to campaign, if you will, on that, lobby on that for a whole year.

When we finally got down to negotiations I went back to the Governor and said, I think you ought to consider something out of the general fund from the motor fuels tax and he said he would and he did, and we moved it over. So the answer to that is, "Yes."

The other answer to that is—even on the basis—the question, Senator, is do we every year at the rate of inflation increase from the ridership their amount? If inflation was 4 or 4½ percent, do we do that every year? Do we have an increase every other year? You can hardly avoid unless you ask the state government to subsidize 100 percent of what it cost for New Jersey Transit as well as what it cost to build roads and bridges, which I think is really not something that's going to happen and not something obviously with all the other needs that we have in the state.

Whether it's the homeless or AIDS or health problems or—there are a myriad of problems as you well know. Just as you have to deal with your budget in Washington and decide where it is the money has to come from, but you believe in a balanced budget as we all do. We have the same problems here.

And I think what the administration is looking for is that fair fare box policy. I mean, what is it? How much do we each year, what it is that we have to put in and what it is the people that ride the system have to put in? Unless we can come up with something else to make up that local share.

So the answer to that question is, "Yes," and I think the Governor has been in my opinion an extremely strong advocate for. That's how we got the original trust fund and renewal. The legislature has been very supportive of that and, frankly, I think it's a hallmark of this ad-

ministration and the last legislature and this legislature. In a bipartisan fashion I'm talking about.

Senator LAUTENBERG. The question, of course, about revenues, we talk about percentage of the fare box, is there an opportunity to get increased revenues from—I don't want to say better planning, but different kind of planning? Can I increase the ridership—increase the revenues without making each rider pay more? Are there, you know, double decks. We're using tandem buses, we're reducing expenses, obviously. The rider ought to get the benefit of some expense reduction that you fought hard to get.

OPERATING EFFICIENCIES

Mr. PREMO. Senator, included in the hand out I gave you earlier, which was being distributed to our hundreds of thousands of bus and rail riders, is a summary of a report done at the board's direction for the board, takes a look at New Jersey operating efficiencies as compared to other railroads and in comparison to other major bus systems in a whole host of indicators. The conclusion was riders are getting a good deal here because we have the lowest cost in the industry per employee. Our efficiency and effectiveness ratings are very high. We'll be happy——

Senator LAUTENBERG. Lowest cost for employee.

Mr. PREMO. Yes.

Senator LAUTENBERG. You mean we underpay our employees?

Mr. PREMO. I'm saying we get good service.

Senator LAUTENBERG. I want to be sure it's clearly understood. Lowest cost employee in the country. Come to New Jersey and work for nothing.

Mrs. GLUCK. Not quite.

Senator LAUTENBERG. OK. So you're saying we have the least amount of manual interphase, is that what you're saying, related to the amount of service we produce?

Mr. PREMO. We've got a wonderful work force. They work hard, they get paid a decent salary and want to get paid well. We got a very productive system. The conclusion of the report for the board was we really, through the service economies and efficiencies introduced in the early 1980's right after New Jersey Transit was set up and in the face of initial cuts, suffered in the early 1980's, we really did trim back service.

In fact, the report suggests in certain areas we probably ought to spend a little bit more money, and that is part of the reason for the supplemental that I spoke of earlier. A little bit of more money in rail maintenance, because we want to make sure we do a top quality job and don't have any breakdowns on our trains.

If I could, also, Senator, we have been very aggressive in seeking to generate money wherever we can make it. We've taken advantage of safe harbor leasing, various provisions of tax codes.

Senator LAUTENBERG. I absolutely agree based on what I've seen, Jerry, you work very very hard to maximize the revenue stream and to

minimize the cost to the rider, and I compliment you for that, and that's what I concluded in my earlier remarks.

The thing that I'm a little perplexed about is the relationship of state spending on transit, fare box. We all know that as much as possible we'd like to see that federal share at least be maintained and increased if possible and one day I predict you will see an increase because the cost for abuse, assault on the environment, the cost on delay, it helps, it prevents our country from being as competitive ecomonically as it should be when it costs you more to move goods or costs you more to move people. It's a cost that's eventually borne by the entire system.

I am interested in what relationship the fare for New Jersey Transit riders is to others, the state share, and it's interesting for me to hear Commissioner Gluck say information is being submitted that's on—I would have to interpret your remarks as saying it has been overdue for some time in terms of getting a fair handle on this.

Mrs. GLUCK. I would think you're right.

Senator LAUTENBERG. And it would help the transit.

Staff reminds me whatever you'd like to submit for the record subsequent to this hearing, certainly we'd like to have. We would ask you to do it within a reasonable amount of time. We don't want to keep the hearing record open too long, but if we could get it in 1 week, 10 days.

TRANSPORTATION PLANNING

One of the principal concerns I have is whether the transportation planners are properly addressing the need to get people to where the jobs are. There is a constant debate about where job development ought to be focused. I think the inner city is one heck of a good place to locate jobs. There are a lot of skills there.

I remember as a child growing up in Paterson, that my father when he had a job used to be able to walk to work at a mill a block and a half away. That was the structure of the community those days.

I still think there's an opportunity to do that. We need the manufacturers with higher paying jobs to give the people in the areas of high unemployment the chance to get to work. So there is a debate that goes on, but right now we do have to find ways to get the inner-city residents to the suburbs, to where the jobs are located. What are you doing to plan for that?

Mrs. GLUCK. We re doing several things. One of the big problems we have really right now in transportation is suburb to suburb. We may have problems coming out of the inner city to the suburb, but we really have a suburb-to-suburb transportation problem. We have like 56 percent—we did an Eagleton pole. Fifty-six percent of the people that drive to work in the state of New Jersey drive less than 20 miles one way.

Senator LAUTENBERG. How long does it take them?

Mrs. GLUCK. Longer than it has ever taken them before.

Senator LAUTENBERG. We've got to get better cars.

Mrs. GLUCK. You know what I'm saying. What is happening is we have a suburb-to-suburb problem in the state as well as maybe getting the people from the near city out to the job.

As you know we have a state planning commission. I sit on the state planning commission. I'm a strong advocate of regional planning which includes transportation, obviously. There's a draft plan now that is coming out that's going to go through a cross-acceptance process. I feel if it sits on a shelf, we'll go back to a boom in bus cycles instead of preparing for the future, as you said, so we don't strangle on our success.

And we have a program now, the new planning program that transit has done which is very very exciting, which is endorsed by the legislature, endorsed by the Governor. We, had prior to this, had systems that were owned privately years ago. None of them joined up together because they were all in competition with each other. The program that Jerry and the staff has is hooked up with the system, so you can have a one-seat ride to take you from Morris County to Hoboken or from Hoboken out to Morris County. Some it works both ways. There's a great deal of that going on.

One of the problems here, everybody that we're talking about in trying to integrate the system so we can do something productive as far as the environment is concerned as well, all depends upon at least being able to count on a stable level of funding so you can plan whether it's from us or from the federal government, and that's why these cuts that are proposed in the President's budget would be particularly devastating, because, as you point out, we are the most densely populated state. We probably are a laboratory when it comes to certain kinds of public policy issues like regional planning. We're on the cutting edge of that in this state.

The department has three bills before the legislature right now. Trans planning they're called. And we're in the process of trying to do a great many things and if funding should be cut—I thought we were over the huge hurdle when we renewed the transportation trust fund which took 21 months and we knew for the next 10 years, 7 years we had a way to finance, we could plan and do it in a reasonable fashion, Jerry could plan and do in a reasonable fashion what he needed to do, and now we're faced with this that could change everything.

JOB TRANSPORTATION

Senator LAUTENBERG. Again, the subject of the inner city residents' ability to get back and forth.

Mrs. GLUCK. Yes.

Senator LAUTENBERG. As you study it, have you come to a conclusion that we're now providing good convenient service for inner city residents to get back and forth to jobs in the suburbs.

Mr. PREMO. I'm not sure we're doing well enough, Senator. We picked up a private company that was about to abandon service from western Essex County into downtown Newark. We took a hard look at that service about 3 years ago and said the demand isn't into downtown

Newark from west Essex, Livingston, Caldwell, and the like, we think it is from Newark out to those job locations. We're now carrying 2,000 people a day to jobs in western Essex County from downtown Newark and I'll be meeting soon with County Executive Amato and mayors and chambers of commerce.

Senator LAUTENBERG. What I hear, you say traffic is essentially flowing one direction only, the job traffic.

Mr. PREMO. Some of it is I think we're seeing tremendous movement on our M & E into Hoboken and New York on our train line, but we're not seeing much bus service directly from those urban communities into downtown Newark. They're taking trains. We run bus services from downtown Trenton to Route 1, very few people——

Senator LAUTENBERG. Use it?

Mr. PREMO. I'm not sure, part of it is the job match up, the job training. We're part of the solution.

I was talking with Mayor Primas of Camden who testified before the commission's year 2020 hearing, and we're going to be taking concentrated looks at job access in Camden as part of our south Jersey study. It's a key issue. This service probably requires higher subsidy per passenger than does our traditional transit service as we develop a fare box policy, as we examine options, it's likely that a brand new service from the suburbs to the center city may appropriately have a different fare box recovery. That is the rider would probably pay less for that service than they might for their peak hour job commute. These are some of the thorny questions we have to think through and get advice and chew over with our board of directors. It's a policy call.

COMMUTING PATTERNS

Senator LAUTENBERG. Unfortunately as we study these things we have to act on them to keep up, and I understand that recently it was found that an amazing 40 percent of people surveyed had changed their commuting routes because of traffic conditions.

Mrs. GLUCK. It wasn't the change—well, it may have been route. Really what the survey showed, they changed their habits when they left for work and when they left work to come home. In other words, if they could do it, they didn't want to get into the peak hour madness, so they left one-half hour earlier. I come from the shore to Trenton every day and I leave 15 to 20 minutes later to avoid—and it's clear sailing all the way through.

Senator LAUTENBERG. You shouldn't talk about it. You wouldn't have clear sailing. Everybody will travel at that time.

Mrs. GLUCK. We could do other things such as flex hours. We could do vanpool and ride sharing.

Senator LAUTENBERG. You can't do it, but you can recommend it.

Mrs. GLUCK. That's right.

Senator LAUTENBERG. Because if the corporate world doesn't participate——

Mrs. GLUCK. We will never have enough money no matter how much money you're able to secure or we're able to secure through the transportation trust fund, we'll never have enough money to make everybody happy that wants to go to work at the peak hour. The rest of the day the roads are not utilized.

Senator LAUTENBERG. Unfortunately that's why subsidy is essential. You can never match expenses and revenues and there isn't a western or developed society in the world that doesn't recognize that and doesn't deal with its rail passenger services in a more realistic way than we do, because that's the only way you're going to be able to function.

Mrs. GLUCK. But that won't—I understand what you're saying, but in this state that still doesn't resolve the suburb-to-suburb travel.

Senator LAUTENBERG. Absolutely.

Mrs. GLUCK. We all have the feeling they get their cars and go to New York. They're not, they're going 20 miles. We're not always going to have heavy rail within those 30 miles. If they're van pooling, if they're car pooling, if they have flex hours. We can only pour so much concrete in this state.

Senator LAUTENBERG. You can leave out light rail, monorail. You can leave out that stuff.

Mrs. GLUCK. But that's in the mix.

Senator LAUTENBERG. We have several questions that we'll put to you in writing, if you would, and ask you to respond.

Mrs. GLUCK. Absolutely.

Senator LAUTENBERG. Because we have other witnesses and also it's subject of enough complexity and enough interest for us to talk at length here, but I just want to make sure there isn't anything undone.

DECISION PROCESS

I'm curious about one thing, on the political side, Commissioner. The people in New Jersey are very independent people. We make decisions about politics, about all kinds of subjects. Very independent. We don't march to the same drummer by a long shot. How about the views of people in the communities, in the counties in terms of their decision-making role as it affects transportation? Are they willing to subvert their independent views or subdue, rather, subvert no, subdue their independent views and say to the state, listen, take over these responsibilities and just do the job and don't bother us about it. Is it not akin to the problems that we find with incinerator or DEP?

Mrs. GLUCK. It is akin to that. There are two answers to that. One is I think that public officials are much more in favor of home rule in these kind of situations than the people who are their constituents. The poll we referred to before showed overwhelmingly, I think it's in the 80 percent style if I remember correctly, that the people in the state feel that the state should play a greater role in trying to resolve some of the growth management problems. In all fairness to local and county officials, I think that slowly they have to come to the realization they too have to manage growth.

One of the most significant, and the reason we did it was to get the opinions of the people in this state, was that 50 percent of the people, Senator, in this state want more growth and 50 percent don't want any more growth, and I submit to you that's right on the edge of going one way or another, obviously, and if it becomes an antigrowth state, we'll go back into some kind of a bus cycle.

The whole theory, it's not a question of being antigrowth, it's a question of taking economic development and planning and putting it together and making mutually inclusive instead of exclusive.

Of course, it has something to do with the notion on the local level that the way to keep the tax rate down is bring the ratables in, but you and I know it doesn't pay for the fire, the police, the roads, the schools. Somehow you always wind up in a deficit situation. So it's a complicated problem.

To answer your question, in this survey the people in this state are ahead of a lot of us in the fact that they expect, they understand how important the economic development is to themselves, to their pocketbooks, to their families, but they also expect that some of these problems be resolved.

Senator LAUTENBERG. The quality of life question is all over us now.

Mrs. GLUCK. You're exactly right.

Senator LAUTENBERG. If we can't breath the air or drink the water, travel to work on time, travel to work within a reasonable time, then we are, after all, kind of victimizing the public in a way because as highways extend farther out into the farther reaches of the state and building takes place and people buy homes they can afford, they then assume, and I think appropriately so, they're going to be able to get back and forth to work from those distant places with a reasonable degree of cost and efficiency.

We thank you both very much for spending time with us.

CONCLUDING REMARKS

Mr. PREMO. One other comment, if I may, and I'll make it quickly.

Senator LAUTENBERG. Sure. We don't take political endorsements.

Mr. PREMO. I was thinking earlier about your question about state aid, and I was doing some calculations here and I think it's important that you understand the significant increase in state aid that's been devoted to public transit during the past few years. In fiscal year 1984, I believe it was 1984 our appropriations for operations was $149 million here in the state and our capital was nonappropriated, per se. It was spending out of some bond money.

Mrs. GLUCK. That's right.

Mr. PREMO. In fiscal year 1989 a total of $264.5 million is earmarked in the Governor's budget for public transit.

Senator LAUTENBERG. That's operating the system?

Mr. PREMO. And capital, $193.5 million——

Senator LAUTENBERG. Did you say in 1984, $194 million was for operating and capital?

Mr. PREMO. Was operating only.

Senator LAUTENBERG. Go ahead.

Mr. PREMO. The capital was a combination of something that I have repeatedly said thank you for, which was the port authority contribution, the Transpack, you were on the board there, and also spending out of some bond issue money, but in terms of a direction, appropriations by the legislature, state aid proposed by the Governor, included in the budget, that was a separate way to get the money. So I feel good about this increase from $149 million to $264.5 million during this period. And what we are trying to do is spend those dollars, as you know, carefully as well as federal dollars and then really figure out where we're going in financing transit in New Jersey during the 1980's. So we're really at a benchmark in evaluating what we want and how we can pay for it.

Senator LAUTENBERG. I think it's excellent. The planning facet's kind of a shock when you talk about something so essential to the state of New Jersey. It's the life blood of our being in terms of our economy and again our quality of life and to recognize that there hasn't been the appropriate contribution, that's true of growth also.

Mrs. GLUCK. Sort of overwelmed us.

Senator LAUTENBERG. Well, we're on it now. We're going to stay on it. Thank you very much.

Mrs. GLUCK. Thank you, Senator.

Senator LAUTENBERG. OK. We have Mr. Fittante here. Steve.

Let me apologize for not being able to move things along quicker, but we don't have a balanced system in terms of transportation to meet our needs and we don't have one necessarily in the hearing room, but we do welcome Steve Fittante, who is the director of transportation in Monmouth County. We welcome you here and we would ask if you'd give your statement and I will ask you a few questions.

NEW JERSEY COUNCIL ON SPECIALIZED TRANSPORTATION

STATEMENT OF STEVEN R. FITTANTE, VICE CHAIRMAN

Mr. FITTANTE. Thank you, Senator. I am grateful for the opportunity to address the impact of the fiscal year 1989 budget on rural and small urban transportation funding in the state of New Jersey.

SECTION 18 FUNDING

As you are aware from our past discussions, despite the highly urbanized nature of New Jersey, some 15 out of 21 counties in the state are presently receiving funding under the UMTA Section 18 Rural Transportation Program. And like many of my counterparts across the nation, most of community transportation organizations in New Jersey are small and operate fewer than 50 buses. Some are nonprofit agencies, some are public agencies, and all are faced with limited funding resources.

Aside from the impact of a 40-percent reduction which is proposed in the fiscal year 1989 budget for section 18, there is a more critical factor that has occurred over the past few years, and that is what we've termed in the past the roller coaster effect that's happened under funding under rural transportation funding we've seen increases and decreases since fiscal year 1984 often exceeding 15 percent.

This past year we have seen a reduction from the fiscal year 1987 high of $75 million to $64 million in fiscal year 1988. Of course, the $38.9 million that was proposed for fiscal year 1989 would have a devastating impact.

I think the problem here is more important than the numbers themselves. Unlike the appropriations for urban transportation funding, the rural transportation funding has fluctuated so much over the past few years it really negates the possibility of rationally planning a system, particularly in areas of New Jersey that are now in transition from rural to suburban growth.

And I think the problem that we're facing here is that with the 1990 census we're going to see a number of counties that are no longer going to be eligible for section 18 funding. However, that's not going to eliminate the problem of low density areas in the state that are going to continue to require transportation services and that New Jersey Transit, under it's present budget structure, is not really able to address.

During the early 1980's as an operations planner from New Jersey Transit, I witnessed a change in the ability of transit to be able to provide for the growing suburban transportation demands in the state. The need for fare increases, the increased demand for services in the urban areas, particularly the Trans-Hudson area, shifted a lot of transit's resources from focus on some of the suburban development to these urban problems, and quite necessarily.

I think it's essential that we begin to look at the system in New Jersey as an integrated system where specialized services, rural transportation service and the urban transportation network are operated as an integrated network.

In the county of Monmouth my program has received some national recognition for the approach we've taken with regard to public transportation. Our whole approach is based on trying to bring people to the existing bus and rail services that are operated by New Jersey Transit and probably unique in the state, we have tapped the taxi industry and the school bus industry to try to find lower cost means of providing feeder service which is designed to enhance the public transportation services that New Jersey Transit operates in our area.

I think more and more the answer to suburban transportation needs is to look at other types of solutions. Just to give you an example, the average New Jersey Transit bus route in the state costs somewhere between $35 and $40 a vehicle-hour to operate. The cost of some of the public bus shuttle services that we're operating, which are public buses which meet DOT omnibus specifications are costing in the range of $20 to $25 per vehicle-hour.

What we have done is tapped another part of the private sector, that is the schoolbus industry, and getting the schoolbus industry to utilize vehicles that meet DOT specifications for public conveyance we've been able to bring down the cost of the public transportation in our area. There are other counties in the state doing essentially the same, in Ocean and Hunterdon Counties.

COST SOLUTIONS

I think what we've seen here is the beginning of a second tier of transportation. Very analogous to Mr. Curry, the chairman of Greyhound and the Greyhound Rural Connector project, I think New Jersey has to begin to look at developing a community-based transportation service that is going to tie into the major public transportation networks, that are operated by New Jersey Transit and some of the private bus carriers in this state.

I think we are if we're going to be able to meet the suburb-to-suburb transportation at the low density on that chart, we're going to need some other types of solutions. And I think the section 18 program is an integral part of that solution, and I hope that if nothing else, we can at least see at the federal level stabilizing of the funding source, the same type of stable funding source that the state of New Jersey has sought in terms of funding capital programs. And I think that the example of Greyhound holds a great lesson for the state of New Jersey and I think we have to really focus on the idea of trying to tie together on community transit and our major public transportation systems.

Senator LAUTENBERG. Thank you very much. I couldn't agree more. We continue to talk about a balanced transportation network. That doesn't simply mean balanced for the urban centers, it means balanced for the people who live in our state and live in our country.

POPULATION CHARACTERISTICS

I'm curious about something. Do you find that the rural communities house more senior citizens than the urban communities? What I'm looking for is to try to get some sense of whether or not there are more transit-dependent people in nonurban areas or whether the ratio runs roughly the same?

Mr. FITTANTE. I think there's an interesting phenomenon going on in two respects in New Jersey. In terms of the senior citizen population, we've seen a great shift over the last 10 or 15 years of the senior populations in the more urbanized northern part of the state moving to adult communities in Monmouth, Mercer, Ocean Counties. In addition, within the suburban counties we're even seeing the phenomenon of moving into rural areas. In many cases the cost of rental housing in such smaller municipality as Asbury Park and Long Branch, which have undergone redevelopment, have resulted in individuals looking for housing outside of what we call the ex-urban area, the areas that are in just transition from rural to suburb.

In many cases we're seeing a whole new focus of the transportation-dependent population. That's not just senior citizens, disabled population, low-income persons. There's a whole shift that is occurring there within some of the suburban counties, and what we're finding is that the need for being able to bring people from these rural areas to the basic infrastructure of public bus and train service is absolutely essential.

The problem has been, as you're aware through the past 20 years, there has developed a kind of a shady system of transportation largely funded through the Department of Health and Human Services, and what we're finding is there's very much a separation there between what those services provide and how they relate to the public transportation network.

What we in Monmouth and my roll as the vice chairman of New Jersey Council on Specialized Transportation have tried to do is try to raise the issue of partnership between the community transportation organizations and New Jersey Transit. There is no way with this increased senior citizen demand, for transportation for disabled and low-income persons that a separate system can begin to address those needs in the face of shrinking federal resources.

Senator LAUTENBERG. I respect so much your advocacy of public transportation availability in the rural areas. We have a chart that shows the erratic nature of appropriations for rural systems, and under that House appropriations bill for this year we would have been somewhere around $50 million. I was able to set aside additional revenues to get to $63 million. That had direct effect, of course, on New Jersey and our rural needs.

And I do recognize that transition problem which you're speaking of, that is the change from rural to suburban and so forth and so on, constant movement. The small operators, the small transit system bus operations, the community system of 50 buses or less, how do they deal with these roller coaster funding levels? What do they do? Do they shut down when the funds——

Mr. FITTANTE. In the state of New Jersey, of course, we've been fortunate because of the availability of the Casino Revenue Fund Program to provide operating subsidies and capital subsidies for transportation services. In many cases it's been a matter of shifting resources to be able to cover in a particular year when the availability of rural public transportation money has dropped. Most of these rural public transportation systems are focused on the needs of disabled and senior citizens that tends to be the majority of the transport disadvantaged population. For that reason those are available for funding under the casino revenue and that allowed some of this to be taken out. The systems now have been underway for 3 or 4 years, the newer systems are beginning to spend their entire casino allegation meeting demand and that shift is becoming less and less possible.

GREYHOUND EXPERIENCE

Senator LAUTENBERG. You talked about the Greyhound experiment, and/or the proposal. You say that you salute that effort. Just in capsule form, give us a description for the record here. What exactly are they doing? They're providing the interconnect between the rural community and the major transportation system?

Mr. FITTANTE. That's correct. Greyhound is, previously Trailways, have found over the past few years over deregulation it became necessary for them to terminate service to the more rural areas. What Mr. Curry has done, is entered into a partnership with the rural transit operators in various states. Namely, tenancy is the initial part of this project, to pay the rural transportation operators to bring Greyhound passengers to key existing terminals and in the case of New Jersey, I think the analogy is very strong between being able to utilize the community based transportation systems to bring passengers to the key bus and rail services that exist in some of our suburban and urban areas.

New Jersey Transit is operating bus services in 20 out of 21 counties and there is an infrastructure. However, it's not going to address the entire need without the support of a feeder system, and as somebody who has endorsed the concept of a feeder system and implemented them for 20 years I have my hat off to Greyhound for recognizing the importance of this concept.

Senator LAUTENBERG. You mention an operating fee of $35 an hour per bus-hour in the urban center and $25, I think, is the comparison you use for those in the rural communities.

Mr. FITTANTE. Well, the distinction I'm making not between urban and rural but between New Jersey Transit and traditional bus carriers versus the use of smaller vehicles and the use of schoolbus type operations that have vehicles that are designed for public conveyance.

Senator LAUTENBERG. OK, but that doesn't really tell you the full picture then. You get into ridership per vehicle, the size of the vehicle. If it got down to a four-passenger car, obviously, it wouldn't be much of a bearing and the fact that it's $25 versus $35.

Mr. FITTANTE. Of course not, but I'm looking more in the range of 25- to 30-passenger buses that are similar to the smaller buses that New Jersey Transit now operate in the suburban communities.

CONCLUDING REMARKS

Senator LAUTENBERG. We thank you for being with us, for being the advocate that you have been. We're proud of your efforts. Some of the work you're doing is getting attention outside of the state of New Jersey and we like to talk about the fact that New Jersey leads in so many ways, and that you make a compelling case for making sure that the people in the less populated areas aren't abandoned as a result of lack of transit.

Mr. FITTANTE. If I might make one last comment. The one issue I think New Jersey Transit and our organization are starting to tackle now is the importance of an integrated fare policy between the paratran-

sit systems and New Jersey Transit. In my particular county we have operated under the same fare structure as New Jersey Transit for the last 3 years, utilizing their fare structure and basing our fare increases on theirs. It's an approach that allowed us to create equity between the services that we operate and the services that are operated by New Jersey Transit.

Senator LAUTENBERG. I think yours is more costly per passenger.

Mr. FITTANTE. Of course, the subsidy level is higher with these. Many services that were operated for free are now being operated with a fare structure very similar to public transportation.

Senator LAUTENBERG. Thank you very much.

Mr. FITTANTE. Thank you.

Senator LAUTENBERG. Marlene Asselta. We welcome you to testify. And if you give your statement and anything you have to supplement that for the record, of course we'd be happy to have.

Good to see you again.

Ms. ASSELTA. Nice to see you again.

Senator LAUTENBERG. We have met south of this demarcation line in the past. But we're glad that you've come here to talk about south Jersey transit needs.

Ms. ASSELTA. Yes.

Senator LAUTENBERG. You're welcome to start.

SOUTHERN NEW JERSEY DEVELOPMENT COUNCIL

STATEMENT OF MARLENE Z. ASSELTA, EXECUTIVE DIRECTOR

Ms. ASSELTA. Thank you for having me. It was a rush getting here and I must tell you because I was tied up in traffic.

Senator LAUTENBERG. Really. I made the remark before saying you have to get a better car.

Ms. ASSELTA. We'll find some public transportation.

Senator LAUTENBERG. That's what you need.

Ms. ASSELTA. I'll read the statement briefly and if you have any questions, I'll be glad to answer them.

Senator LAUTENBERG. Terrific.

Ms. ASSELTA. Of course, as you know, Senator, I'm Marlene Asselta, executive director of the Southern New Jersey Development Council. The Southern New Jersey Development Council is an eight-county regional organization consisting of a broad spectrum of representation from both the public and private sectors. We encompass all segments of business, industry, government, and academia.

The council serves in a unique and distinctive role as the only leader coordinating regional development and planning throughout the eight southernmost counties of the state. And I'll add what they are: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem.

SOUTH JERSEY ISSUES

I appear here this morning on behalf of the council to offer comments regarding broad transportation issues as it relates to South Jersey. I would like to begin by thanking you for scheduling this timely hearing thereby allowing me the opportunity to discuss but a few of the concerns and challenges that are facing us today.

The strong economic resurgence that we're experiencing nationwide as well as in our own state has presented us with an interesting set of circumstances. During the past few years, the public and private sector has been committed to building a strong economy, increasing job opportunities and raising the quality of living. You are aware of these efforts, I know, because it's been very often that we had called upon you for our personal assistance. And the results of those efforts are now quite evident. Unemployment is at an all-time low and you'll remember it was not long ago that we struggled in Cumberland County with a 19-percent unemployment rate. Cumberland is now below 5 percent.

Large companies are choosing south Jersey to locate their corporate headquarters, and at the same time creating new and innovative opportunities for smaller and medium-sized businesses. And now everybody wants to be called or known as an entrepreneur.

The growth and development can be seen all over south Jersey. Whether spurred by the casino industry along the Atlantic coast line, or the service-related industries in the western part of the south, no one can deny that we can accurately be described as the awakening giant.

But, during this growing up time, I'm afraid we have not provided ourselves with a transportation network needed, not only to continue to grow, but more importantly to manage our growth. It's no secret that the general public is not satisfied with our highway system, the condition of the roads and highways as well as the lack of major road networks throughout all of south Jersey.

We believe that the New Jersey Department of Transportation has been diligent in assessing the needs of south Jersey, we are now hopeful that they'll meet those needs. The SNJDC and its 300 member companies worked very hard for the passage of the recent gasoline tax increase, with the understanding that it would at least provide stable, dedicated, and long-range funding, but state funding is not enough to catch up to the accelerated growth that we're experiencing. We believe we need federal dollars and all the help you can give us.

With your permission, I'd like to quickly mention some problem areas in the south that I'm sure are no secret to the Senator, because I know he's there often enough.

PROBLEM AREAS

For a minute let's take a look at Route 42, which either comes off of or goes into the Walt Whitman and Ben Franklin Bridges, and that same route that connects 295 and then attempting to connect 55. We think that that particular area needs some immediate attention. These particular highways, that is Route 42 and Route 55 will either allow

Gloucester County and Cumberland County to grow in an orderly and planned fashion, or will continue to force overcrowded and congested development in an area already viewed by the state development and redevelopment plan as a limited growth tier.

Over to Route 40, which is the only major east/west highway we have connecting the two shorelines, is in need of repair, improvement, and redesign. The traffic flowing out of the Hamilton/Egg Harbor Township areas attempting to get onto Route 40, and proceed west has caused a 10- or 12-minute backup at one of the two red lights in one of the small communities of the Mays Landing.

Other major areas of congestion and danger are well known to most of us, Routes 70, 73, 38 in Camden and Burlington Counties, Routes 49, 45 and 77 in Salem, Cumberland and Gloucester Counties, Routes 47, 50 and 9 in Cape May, Atlantic, and Ocean Counties.

These are only a few concerns and only pertaining to the highway system. I don't want to take a long time to talk about mass transit concerns at this time, but maybe I'd like to relate to you one theory and then one short story that might underscore what we see as a mass transit problem.

The first is a theory. The Southern New Jersey Development Council has been for about 4 or 5 months now looking at what's known as a labor shortage in the state of New Jersey. The perception out there is that everyone who wants a job in the state can now have a job. We looked at those statements that were made and we also looked at unemployment figures and realized if everybody who wanted a job could have a job, unemployment would probably be at zero percent and not four, five, or six depending on the month you're in. So we looked to the second layer and said, is it a true labor shortage or what really is it? We're not so sure it's a labor shortage as much as it's the transportation of getting our labor force to the marketplace. We could place them, and you're well aware of some of these programs, retraining and job training for unemployed and put together day care centers not only private sector, but also in the public sector. Some programs such as Reach has enabled people to certainly get a job if they want a job.

But I don't think it's fair to look at that percentage and say, therefore, everyone who wants a job can have one when I think that the true problem is that there are still some areas we cannot connect our labor force with our marketplace, and perhaps that's the economic problem that mass transit can help overcome to some extent.

INTRASTATE TRAVEL

The other mass transportation concern is one of a very personal story and I'll tell it to you quickly. About 3 years ago I packed up my first born and only daughter, sent her off to Rutgers in New Brunswick and got her settled in her room and forced myself to say good-bye and went back home to fine Cumberland County.

After several weeks passed and no indication from Jane that she was at least a little bit homesick I broke down and called her and said don't

you want to come home? It's not that I'm not homesick, mom, but I have tried to get home. The only way for me to do that is to take a bus north to Newark, get a bus from that point to Philadelphia, and into Philadelphia where you would have to pick me up anyway. So this mother, you can be sure, got in the car, got on the road and traveled to New Brunswick, retrieved her daughter at least for the weekend, brought her back home and spent some time with her.

But I'm not sure that there are very many mothers and/or fathers, parents that have the ability to jump in their vehicle and travel that distance.

I'm also more than concerned to try to justify to our young community, to our youngsters that they who live in one part of the state cannot travel by public transportation to another part of the state, and it's a small state. And that's a concern. And these remarks are in no way to be critical of any state agency or department, but rather to paint a very clear picture of real and immediate need for transportation that we think exists particularly in south Jersey. This organization, the Southern New Jersey Development Council applauds you, Senator, for your tenacity in pursuing some very difficult issues in all areas of transportation, rail, air, highways and mass transit; but there is still much to do. The Southern New Jersey Development Council believes that the time is now and stands ready in any way we can to aid you if at all possible.

SOUTH JERSEY DEVELOPMENTS

Senator LAUTENBERG. Thank you very much for your statement, and the reminder of things that we have to do as growth and development takes place, particularly in the area of the state you represent. There's a certain sense down there that I get that things are about to pop, to use the expression. You got good news yesterday on a reconciliation of differences on the establishment of that airport opportunity. That's very, very exciting, I think. The rail line is not quite chugging along yet between Atlantic City and Philadelphia, but it's definitely in the works and it's going to operate assuming that the President doesn't get his mits on Amtrak and sell it or demolish it. So we are making progress in a major way. The previous witness's comments about connector systems and the major systems, perhaps can help solve the problem, but it's very obvious that south Jersey with the room left available for dynamic growth will have opportunity, but also the need to do some transportation planning. Planning before the thing happens in order to preserve the quality of life down there that a lot of people treasure, those of us who live in the north as well as those who are residents of the southern area. That's kind of a precious part of the state. It's beautiful and you can get a chance to walk off and think a little bit and take a ride on the rivers, et cetera.

Now that there's a permanent source of federal funding for Route 45, what are south Jersey's most pressing transportation needs, do you see primarily highways or do you see it in any kind of a specific plan for rail or for bus transportation.

Ms. ASSELTA. My dream, and I've been told by many a planner a pipe dream, my dream is there could be some spurs off of the rail line that goes from this case to Philadelphia and Atlantic City or vice versa, east or west, some spurs going into the south, south Jersey, Gloucester, Cumberland, Salem Counties would be helpful. I'm told that that would probably never happen in my lifetime. I'm not so sure.

Senator LAUTENBERG. You're young.

Ms. ASSELTA. Well, I'm also a good dreamer. I think if you don't have a dream, you can't have a dream come true, so I think we can do that. But I am a little concerned with a couple of other things that just flash through my mind and I'm not an expert in any sense of the word.

DISTRIBUTION OF FUNDS

The only thing that I think I'm an expert on is I certainly travel the highways of south Jersey. Those eight counties keep me very busy and keep me running. I heard, when you're in Trenton, as you know, you put your ear to the wall and you hear lots of rumors, and I heard the other day that the projects that were provided for by the recent passage of the gasoline tax increase were in fact probably not going to be completed because of whatever inflationary costs built in or whatever that is.

I am only sorry that I missed Commissioner Gluck because that's a concern. We just about got it and we don't really have it yet, and now we're almost hearing maybe that's not going to happen. We can be sure that 55 will be completed because I don't think that's provided for under the new gas tax, therefore, is provided for under the old. But there are many more projects.

You simply don't know what to tell a young farmer who's trying to get his product from lower Salem County into Ocean County. There's just no way to get him from that tip of the state to the other shore line in a direct route. Certainly there are roads, but very few direct roads.

It's very difficult to tell someone in Cumberland County that maybe 55 will get you north, but it's not going to connect south of Millville and then it still becomes the road from nowhere to at least we're not sure where. We know north where, but south it's still the road to nowhere. So there are some concerns.

I also have a thought that whatever people movers we can come up with, and that is car pooling, van pooling, people movers. I know monorail systems are very expensive, but it seems to make some sense that in some areas, particularly around the urban centers—Atlantic City, Camden—there's at least a need for a larger system or a larger way of being able to get people from parking sites into the city.

Senator LAUTENBERG. The about $270 million in federal funds this fiscal year, do you have any reason to believe that south Jersey will or won't get its fair share of those funds?

Ms. ASSELTA. I'm going to say what you've been hearing for a long time. I think it's been better lately, but it's still true that south Jersey will not get its fair share. It will get some portion of it, but I don't

think it will get nearly the attention that it needs, especially in view of the growth experience that we're experiencing as we sit here. I don't think even if we had 9 percent of that appropriation we'd be able to catch up according to what we see going on in the south.

And I want to remind the folks, particularly in the room, and not you so much, Senator, because you've been on boats with me traveling the Morris River and you've been in Salem County, you've been all over, but south Jersey is not Camden County or Burlington County. South Jersey is Gloucester, it's Cumberland, it's Salem, Cape May, it's Atlantic County. Some of those areas get attention by virtue of the activity that's going on there. Some of those counties are still overlooked to some extent, and I just don't think that we will get our fair share unless and until we keep being the squeaky wheel, for lack of a better word, and that's probably what I'm here to do today is squeak a little bit to remind everyone we're still very much a part of the state and we need as much transportation dollars as we can get and probably even a little bit more than central or north Jersey does at this point.

Senator LAUTENBERG. Well, we'll keep our eyes open for south Jersey. That part of the state needs its share of opportunity as well as the unique situation where in advance of major development, in advance of congestion and problems associated with that, things can be done, and we'd like to hear from you and compliment you on the good job you've done down there.

Thank you for your testimony and we'll reserve the right over the next week or so to submit any questions to you.

Ms. ASSELTA. Thanks.

Senator LAUTENBERG. Mr. Bowen here.

Take the seat if you will, we'll take a minute break.

[A brief recess was taken.]

Senator LAUTENBERG. All right. We welcome Mr. Bowen, and invite you to give your testimony if you would.

NEW JERSEY ASSOCIATION OF RAILROAD PASSENGERS

STATEMENT OF DOUGLAS JOHN BOWEN, PRESIDENT

Mr. BOWEN. My name is Douglas John Bowen. I'm president of the New Jersey Association of Railroad Passengers, also a director of the National Association of Passengers, a group you know very well and work with very closely.

I'd like to start off by saying the New Jersey Association of Railroad Passengers commends the committee chairman for his untiring efforts in defending Amtrak and public transit operations throughout the nation against an administration which tirelessly turns out platitudes, inexactitudes, and downright falsehoods against the most maligned, most desperately needed form of transport in the United States today and that's bar none. Please note NJ-ARP believes rail belongs to the nation, not just New Jersey as well. It is fitting, however, that these hearings are being held in New Jersey's state capital today, because New Jersey

is a herald of the transportation need others will face in the not-too-distant future. New Jersey, and its brethren of Northeastern states particularly have amply demonstrated the success of rail passenger transportation against overwhelming odds, playing on a playing field where the rules constantly change and where the other moods are unfairly favored in many, many cases. Other well-qualified speakers as we've seen have detailed New Jersey Transit's continued need for federal support. New Jersey Transit's dependence on federal operating support is a mere $38.8 million. In fiscal year 1989 it will be 6.5 percent. This year the dollar amount was the same $38.8 million. The percent is a little higher, 7.1 percent. This frozen amount shows that the federal commitment to transit operations at least continues to shrink although perhaps some of that is due to New Jersey Transit's own success with raising its own revenues.

In our opinion, New Jersey Transit in conjunction with the state government could probably survive that federal indifference, not that we suggest they try to, or not that we support that, but they probably could. The real threat, in our opinion, comes from the need for capital and the administration's proposal to slash UMTA funding by up to 54 percent down to $1.52 billion from $3.82 billion this year. The impact of such nonsense on New Jersey would include, and we've gone through some of them:

REAGAN BUDGET EFFECT

One: A drastic slowdown of New Jersey's 7-year transportation capital rebuilding program for bus and rail needs, which is calculated on federal capital assistance of 50 percent, or roughly $500 million.

Two: Further over-reliance on automobiles at a time when the state's major highways and secondary roads are woefully overcrowded, and when auto emissions continue to mount in violation of looming EPA limits and deadlines, which will be enforced sooner or later.

Three: Overcrowding of existing New Jersey Transit bus and rail operations, which is a further disincentive to people crowding on a train or bus.

And finally four: Additional roads, that's what this current administration would like, which devour scarce land and return no taxes, encourage suburban sprawl, and add to the existing traffic nightmare that is New Jersey today in many places and many other states in the future given the current transportation priorities.

We would urge you to continue your superb efforts in resisting current administration transportation policies and salute you for your successful defense to date.

New Jersey-ARP is concerned with the fifth consecutive attempt to "zero out" all Amtrak funding, under the pretext that, quote, and this is a quote, "only the rich ride trains." We find it amusing that this particular administration argues that Amtrak is a middle-class subsidy and loves to point to the Northeast corridor's relatively affluent ridership to argue that Amtrak does not serve the poor. We at NJ–ARP would ask

the administration why it continues to subsidize the Eastern and Pan Am air shuttles with no qualms at all. They may be necessary services. We never hear whether its ridership is similarly well off financially. We suggest it is. Those shuttles, incidentally, are Nos. 2 and 3 in the New York-to-Washington market, as you know, replaced by No. 1 Amtrak, which has proven that trains can and do work here in the United States, and a lot of that credit goes to chairman W. Graham Claytor of Amtrak. Under him Amtrak has improved its revenue-to-cost by 35 percent. I believe this year its target is 36 percent cost recovery and as you noted yourself several others might benefit themselves if they try to do as well.

Yet Amtrak continues to be targeted for elimination. Think of it. An entity that measures six-tenths of 1 percent of the total federal budget of $1 trillion, give or take a few billion. Six ten-thousandths of the budget or .0006.

If I placed 10,000 New Jersey tomatoes in this room, I could remove almost 3,000 of the tomatoes grown for defense. And everyone in the room would certainly notice the removal of 3,000 tomatoes. But if I removed the 6.3 tomatoes that Amtrak needs for operating and capital, I don't think anyone in this room can tell me which tomatoes were missing. Such is the minimal impact of a program which the administration claims is an enormous burden and a budget-wrecker.

New Jersey ARP, incidentally, would like to see those defense tomatoes diverted to the Coast Guard, which is under your jurisdiction here, that obviously has its own vital needs. And those needs must not be denied, neither must they supplant the true cost-efficient service that New Jersey Amtrak provides to New Jersey and the nation. Now we're not talking about tomatoes, but instead apples and oranges. We would urge that you and your committee separate the two budgetary items, protect both of them if you possibly can, not pit the fortunes of one against the other. We're very upset by that particular approach.

AMTRAK NEEDS

With less, Amtrak is doing more. But Amtrak, as you know, Senator, and have said, needs capital. President Claytor has requested a budget of $630 million, which breaks down to $558 million for operations, which is a decline of 3 percent in constant dollars, incidentally, along with $72 million in much-needed capital. With that capital Amtrak could add to its equipment fleet to meet the overwhelming ridership demand it now faces due to its very success, that includes New Jersey and the Atlantic City line.

We remember the administration's first attempts to trash Amtrak in 1981, its claim then was that "nobody rides the trains." In subsequent years, Mr. Stockman, in particular, decried the fact that Amtrak cost too much. All the while, Amtrak's efficiency improved, its ridership increased, its revenues climbed and, most rewardingly, it became the dominant carrier in a major market, the Northeast corridor, carrying 70 percent more riders than all the airlines combined.

With more capital, Amtrak could purchase equipment to speed up its New York-Boston services, much cutting down New York-Boston running times. An additional $11 million would aid its refurbishment of turbotrain equipment. A more expensive option would be to furnish $600 million to complete electrification to Boston. Compare either of these sums to the estimated $2 to $3 billion to build another airport in metropolitan Boston, factor in land costs, environmental opposition, which we would certainly respect and probably agree, and continued sprawl and congestion such as airport project would cost. By contrast, increased Amtrak service from Boston to New York and obviously New Jersey as well would help ease the strain on Logan Airport, which receives 30 percent of the traffic from New York metropolitan area. That's according to Massachusetts DOT.

Amtrak is not asking for, probably cannot ask for $600 and $700 million. If it did, it would still be asking for less than what BritRail gets per year, $1 billion per year in capital projects now underway. Amtrak is asking for one-tenth of that amount, roughly $70 million. Amtrak will make every cent work because it knows it must. It has justified the patience and support shown by you, your committee members. By advocates such as us and all those that are convinced rail passenger services are important to the nation's mobility.

So we're down to award Amtrak only five tomatoes, and you will kill it. Award it 5.8 tomatoes and it will exist at starvation level. You add one-half of a tomato more, $630 million, 6.3 tomatoes and Amtrak will begin its much needed expansion, improve its operations still further, and continue to prove to the outgoing administration that some federal programs are indeed worth preserving. Thank you.

AMTRAK DEVELOPMENTS

Senator LAUTENBERG. Thanks very much, Mr. Bowen. You make a rather dramatic presentation using the tomatoes as the example. If you can update that to cranberries and blueberries I'll certainly appreciate that. I appreciate the emphasis that you folks, you and your organization commit by the way you lend your time to this worthwhile cause that you and your associates in the rail passengers organization put into making certain that this country remains aware of the fact, like it or not, that we're dependent on a rail passenger service availability. I make people aware of it and I'm sure people that hear me are aware of it and that is if you had to replace Amtrak's passenger load between Washington and New York and put it on airplanes, we'd ensure ourselves of one thing, it would be darn dangerous in the first place and, second, you'd never get there. And it wouldn't matter what speeds we could fly.

We're looking at a new program to start soon. Tilt technology rail cars, that will make that ride between Washington and New York even more comfortable, a whole new technology that can be used on the Boston link that would reduce the travel times to there significantly. We would then start to have a genuine rail and service capability in the most crowded part of our country. It deserves to have that.

Do you have an idea of how many airplanes we need to fill the requirement for passenger service between the New York area and Washington if we eliminate Amtrak?

Mr. BOWEN. I believe the number is at least 38 flights during a 12- to 16-hour day.

Senator LAUTENBERG. Do you have any idea how many flights a day there are at present?

Mr. BOWEN. I do not.

Senator LAUTENBERG. It's a number of about that size, I can tell you that. We know that from our own review.

Do you think the commuters that presently use Amtrak or Amtrak lines for service have any alternative if there's no Amtrak available?

Mr. BOWEN. I don't see any real sense how they can. For some people, even between New York and Boston, say, or New Jersey and Boston, say, air is losing its competitive edge. If you are going to Route 128, the Boston technology corridor, it becomes a questionable deal whether you're going to get there faster by air fighting your way out of Logan or into Logan through the city of Boston and it becomes basic as you say tilt technology or turbotrain technology once you get train trips down to 3, 3½ hours.

Senator LAUTENBERG. Very inviting.

Mr. BOWEN. Yes, indeed.

NORTHEAST CORRIDOR IMPROVEMENTS

Senator LAUTENBERG. The turbotrain technology enables a train to switch on to electricity travel at a slower pace through the tunnel and pick up again on its turbo capability.

Mr. BOWEN. It also eliminates a switch at New Haven. It also allows for faster acceleration speed on track and allow it to quote "dive" into curves at a much safer, efficient level.

Senator LAUTENBERG. Last year we got funding, I secured funding above the regular Amtrak appropriation for improvements in that north tunnel, $10 million, other safety-related programs like passenger car modification, $4 million, signal upgrades, $6.4 million. I don't know whether you had a chance to observe firsthand the ride through that envelope called the North River Tunnel?

Mr. BOWEN. I have.

Senator LAUTENBERG. But it's a frightening specter if one can imagine not an evacuation, but an accident similar to the one that recently happened in London. If you had to evacuate trains there—I walked along that walkway, it is as wide as this table, it is dark, the electrical system is an old system, if one part is out, the whole thing is out. Ventilation is terrible. Access is terrible. I think from the furthest point it might be a 2,000-foot walk with track below you in darkness. Anybody who wasn't in the finest of health or prime of youth would have one heck of a time. Plus dealing with the fumes, it's ridiculous for us to be discussing whether or not we're going to improve the capacity of that tunnel for evacuation for emergencies and for efficiency. But we talk about it as if it's some kind of a penthouse apartment for the idle rich.

OCEAN-MONMOUTH COUNTY RAIL

Have you or your organization taken, personally taken a position on the proposed rail system for Ocean, Monmouth County?

Mr. BOWEN. Yes; we have. Our initial approach was for a direct link to the Northeast corridor at a junction called Monmouth Junction a former junction now owned by Conrail heading southeast. We have now modified. We're modestly in favor of any westerly alignment that would go through western Monmouth County and include the city of Freehold, in particular, as well as get to Lakewood in Ocean County. We believe that's the first step toward rail service to southern New Jersey. It's important that we don't fall into the trap of taking the easiest route or the least expensive route at least in terms of outlay, simply because that's not necessarily the best route for future needs, for the amount of riders that are going to ride or even consistent with county or state planning. We felt that the original route proposed by the state DOT which left the North Jersey Coastline to Red Bank was expedient but not anything else.

CONCLUSION OF HEARING

Senator LAUTENBERG. Thank very much, Mr. Bowen. We urge you to continue to fight the fight because we're on the same side of sense and safety in terms of passenger service to make sure we can get, as I say, from here to there without spoiling our environment. Thank you very much.

Is Ken Brown here? I don't see Ken.

If not, we'll conclude this hearing. The record will be kept open, as we said, for 2 weeks for other submissions. We also will be using that time to present other questions to those who did appear should they occur. We thank everybody who participated, including the reporter. And with that this subcommittee hearing is adjourned. Thank you all very much.

[Whereupon, at 12:20 p.m., Thursday, March 10, the hearing was concluded and the subcommittee was recessed, to reconvene at the call of the Chair.]

MATERIAL SUBMITTED SUBSEQUENT TO THE HEARING

[CLERK'S NOTE.—Subsequent to the hearing, the following statement was received for the record:]

STATEMENT OF THE NEW JERSEY TRANSPORTATION COORDINATING COUNCIL

The New Jersey Transportation Coordinating Council [NJTCC] is the Metropolitan Planning Organization for the 11-county northern New Jersey region, composed of representatives of local, state and federal governments, citizens' groups and public and private providers of transportation services. The council carries out federally mandated transportation planning for one of the most densely populated regions in the nation, with one of the most heavily utilized transportation networks.

As such, the NJTCC is vitally concerned with the Reagan administration's fiscal year 1989 budget proposals for sharply reducing federal aid for transportation. The proposals come at a time when traffic congestion on many of the region's roadways has reached alarming proportions due to the impact of development. Just 3 months ago the state increased its gas tax and obligated increased general fund revenues for a long-term trust fund which could be used to leverage federal dollars to address these needs. The administration's proposals for reducing obligation ceilings and expanding matching requirements for highway projects would jeopardize the scope, timing, and ultimately, the effectiveness of the state's plans for critically needed roadway improvements. Of equal, if not greater, concern to the council is the administration's proposals for all but eliminating federal operating subsidies and greatly reducing capital grants for mass transit systems.

The mass transit network in north Jersey stands as an example of the benefits that have been realized through a strong federal role in supporting mass transit. With the help of UMTA capital grants, New Jersey Transit Corp., the statewide public transit agency, has been able to rebuild the mass transit system in New Jersey through the replacement and rehabilitation of both bus and rail rolling stock, improvements on track and signals, construction of rail and bus maintenance facilities and many other facility, equipment, and infrastructure improvements. Today, New Jersey Transit serves 325,000 daily riders on both its 10 suburban rail lines and 100 bus routes. This level of ridership represents nearly 270,000 fewer automobiles on the region's roadways each day, assuming 1.2 occupants per car. Federal subsidies, together with state contributions, have provided critical support for the operation and maintenance of this successful mass transit network. Yet much more remains to be done given the serious levels of traffic congestion in the region, the age and usage of our infrastructure, and the growth of residential and business development.

Federal transit funds have also helped support New Jersey private bus carriers. As of January 1, 1966, New Jersey Transit has provided 671 buses free of charge to some 44 private carriers statewide through lease arrangements. In addition, New Jersey Transit provides private bus operators with nonrevenue rolling stock and other needed support equipment. Finally, five private bus operators are currently subsidized by New Jersey Transit to provide fixed route service, while two private carriers perform contract bus service through competitive bidding.

Mass transit is essential to the future vitality of our region's economic growth and ability to provide for a free flowing transportation system. Currently, an estimated 11 percent of all trips to and from work by the region's labor force are accounted for by mass transit. Given indicators such as a 40-percent increase in rail ridership over the

last 4 years, the mass transit network can be expected to attract ever increasing numbers in coming years if the system remains attractive to riders through safe, fast, and efficient service at a reasonable cost—standards which federal transportation funding helps to maintain. Increasing mass transit ridership promises to further reduce automobile trips from our roadways which results in positive impacts on economic activity, the environment, energy consumption, and the general quality of life in the region.

The administration's proposals, however, threaten these benefits as well as our many achievements to date. The administration would eliminate all federal funding for Amtrak, reduce operating assistance to New Jersey Transit to $600,000 from the current $38.8 million, and cut the state's capital funding in half to a level of $80 million. New Jersey Transit currently is in the difficult position of having to raise fares to meet existing budgetary shortfalls, stemming from unexpected changes in the markets for specialized bus services, among other factors. Contrary to the administration's assertions about mismanagement in large transit agencies, an independent audit found New Jersey Transit to be operating at a high level of efficiency with little room for internal cost savings. Even with commitments in place for additional funding at the state level, deep new cutbacks in federal funding will result in either substantial additional fare increases or cutbacks in primary bus and rail services—both of which will prompt a return of commuters to their cars and undercut current momentum toward increasing mass transit ridership.

Beyond this impact on existing transit service, the administration's proposals would also seriously jeopardize the ability of the NJTCC and its member agencies to address critical transportation needs in the region. Currently, traffic gridlock stemming from a boom in commercial and residential development has become a daily frustration for drivers throughout the region. The movement of goods and people is close to and sometimes exceeds capacity during peak rush hours on highways such as Route 1 in Middlesex County and Route 80 in Morris County. State and county members of the NJTCC recognize that the only lasting solution to the pernicious growth in traffic is an expansion in the region's mass transit network.

With this in mind, in January 1988 the NJTCC endorsed the "New Initiatives" capital program (resolution attached) developed by New Jersey Transit that proposes, among other measures, establishing new dedicated bus lanes and routes, exploring the creation of new rail lines, developing improved connections between existing rail lines and upgrading capacities at key train stations. Because most of the initiatives in the program are "big ticket" items—with proportionately large payoffs in terms of expanding potential ridership on the mass transit network—it was recognized that the availability of federal funding would be a key to their timely realization.

Now with the administration's proposals for substantially reducing UMTA's capital funding grants, New Jersey Transit's far-reaching program of mass transit initiatives faces the prospect of being set back by many years. Despite the assumptions inherent in the administration's proposals, state and local governments cannot realistically be expected to dedicate funds from their scarce resources for functions that have traditionally, and appropriately, been the province of the federal government. A large portion of state and local transportation dollars, after all, must be set aside to address critical immediate needs such as maintenance and rehabilitation of bus and rail rolling stock to secure a fully functional transit fleet, bridge repair to ensure public safety, and road redesign to provide at least short-term relief to traffic bottlenecks. In contrast, building and maintaining a national passenger rail system as well as local intra- and interstate transit systems have long-term, strategic importance from a national perspective. The administration's proposals would mean the breakdown of the partnership and division of responsibilities that has served the nation well in meeting both long- and short-term transportation needs while assuring continued progress on environmental quality and economic development in regions such as north Jersey.

In pointing out these potential damaging impacts of the administration's proposals, the NJTCC has more than a parochial interest. All large metropolitan areas will be hard hit—and in fact are specifically targeted for cuts—by the administration's proposals. These are the very regions with the greatest needs for reducing traffic congestion and that have shown the greatest progress in promoting transit ridership. Moreover, since these regions in many ways serve as "engines" for the national economy,

budget reductions which disproportionately impact them, even while they may help achieve federal deficit reduction goals, are likely to have harmful long-term consequences for the economic activity through the country. This is particularly the case for the New York-New Jersey metropolitan area whose transportation network must be able to efficiently handle goods movement from around the nation in its role as a major port of entry. In the interest of maintaining a vital and growing economy in both the north Jersey region and through the nation, the NJTCC urges members of the subcommittee to reject the administration's proposals and endorse a continued strong federal role in support of passenger rail and mass transit systems in metropolitan areas.

RESOLUTION NO. 222: SUPPORT FOR THE NEW JERSEY TRANSIT NEW INITIATIVES PLANNING PROGRAM

Whereas, New Jersey Transit's focus, since its inception in 1979, has been to upgrade a badly deteriorated bus and rail system concentrating on replacement of vehicles and rehabilitation of outdated facilities to revitalize statewide transit service; and

Whereas, the state's population and job market have grown and are expected to continue to grow at unprecedented rates over the next several years; and

Whereas, New Jersey residents will capture an even larger share of jobs in Manhattan; and

Whereas, New Jersey Transit, working in conjunction with the Port Authority of New York and New Jersey, the State Department of Transportation, the North Jersey Transportation Coordinating Council, other transit agencies, and numerous advisory groups, has responded to the challenge of developing a new vision of public transit's future in New Jersey; and

Whereas, a program of new transit investments has been developed and recommended to the New Jersey Transit Board of Directors which will respond to the public transit needs of North Jersey into the 1990's and beyond; and

Whereas, this program, intended to relieve trans-Hudson congestion, to serve and enhance New Jersey's development in growth areas such as the Hudson River waterfront and the Meadowlands, and to support the revitalization efforts in New Jersey's urban centers, is consistent with the goals and objective contained in "The Regional Transportation Plan for Northern New Jersey";

Now, therefore, be it resolved, That the North Jersey Transportation Coordinating Council supports New Jersey Transit's planning program which will provide a more integrated statewide transit system designed to increase both capacity and mobility within the state and trans-Hudson; and

Be it further resolved, That the North Jersey Transportation Coordinating Council urges the state legislature to support the program and provide reliable funding for the maintenance of and improvements to New Jersey's transportation network; and

Be it further resolved, That copies of this resolution be transmitted to Governor Thomas H. Kean, Commissioner Hazel Frank Gluck, and members of the state legislature.

This resolution shall take effect this 11th day of January 1988.

NEWARK INTERNATIONAL AIRPORT TRANSIT LINK

TUESDAY, APRIL 5, 1988

U.S. SENATE,
SUBCOMMITTEE ON TRANSPORTATION AND RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS,
Newark, NJ.

The subcommittee met at 10:20 a.m., Newark International Airport, Newark, NJ, Hon. Frank Lautenberg (chairman) presiding.

Present: Senator Lautenberg.

NONDEPARTMENTAL WITNESSES

OPENING REMARKS OF SENATOR LAUTENBERG

Senator LAUTENBERG. Today I'm pleased to welcome several distinguished witnesses who are here with us to discuss and explain the proposal to build a transit system that would link the cities of Elizabeth and Newark with the Newark International Airport. It's good news and it's based on the early findings of the state's consultants and that is—and they use the term—a doable project. Given the ridership projections contained in that study, it might even be a profitable proposition based on estimated operating costs.

That study which was funded with a federal planning grant proposes a 7.8-mile-long automated monorail. But the study is only a beginning and we all know that there's much more to be done. Environmental impact studies must be conducted and those statements have to be filed with the federal government. In addition, before any construction dollars are committed, preliminary engineering must be done to determine final route alignment, station location, and the actual system design.

But I'm here this morning to pledge my cooperation and support. The initial numbers are promising and the enthusiasm for the project by the communities and by private developers, all of the elected officials and the representatives of the Department of Transportation in the state of New Jersey, has been very encouraging.

In Washington, our subcommittee receives a large number of requests, as you can imagine, to fund new start rail projects. Requests that amount to more, far more than is really available. But I am chairman of that subcommittee, the subcommittee that oversees the new start allocations. And I can honestly say that regardless of the number of requests, this particular one is going to receive my highest priority

consideration. If the rest of the study holds, and the review confirms that we can accomplish what we would like to with this project, I think this will be one of the major assets of this region. The ability of people to move conveniently, efficiently, promptly, and economically from the communities to the airport, I think would be a huge advantage for this area.

I served as a commissioner of the port authority before going to the U.S. Senate and I'm totally aware of what the needs are in the region. We built a wonderful airport here, and the thing that we have to be assured of is that we can make the full use of this airport that the capability permits, the capacity encourages. And at the same time, encourage the development that would take place as the access becomes more convenient.

So we have a distinguished witness list, as I said earlier, and I'm pleased first to invite the two mayors of the cities of Newark and Elizabeth to the table, the Honorable Sharpe James, the Mayor of Newark, and the Honorable Thomas Dunn, the Mayor of Elizabeth. If you would come up to the witness table, we would be pleased to hear from you.

There is no major gap between the two cities. Am I right? So the two mayors can sit closer together.

Mayor DUNN. He's my leader. No major gap.

Mayor JAMES. I give way to seniority.

Mayor DUNN. He gives way to my good looks.

Senator LAUTENBERG. This is under oath, so if you are talking good looks——

Mayor DUNN. I have a tendency to tell white lies.

Senator LAUTENBERG. I first invite Mayor James to make his comments and we look forward to hearing from you Mayor, then from Mayor Dunn.

STATEMENT OF HON. SHARPE JAMES, MAYOR OF NEWARK

Mayor JAMES. Thank you for the opportunity to appear before your committee, the Subcommittee on Transportation of the Senate Committee on Appropriations. Also, let me personally thank you before giving brief remarks on the importance of this committee hearing. We would like to thank you for your involvement yesterday in the naming of the new federal courthouse in Newark in the name of the late Dr. Martin Luther King, Jr., which we believe will be not only a beautiful new edifice, but will exemplify the man who said just say that Dr. Martin Luther King was a drum major for justice and we believe the federal courthouse which you made possible yesterday with the groundbreaking in the city of Newark will certainly emulate those ideas.

Also, I'd like to welcome Mayor Dunn, a fighter for urban cities throughout the state of New Jersey, and it is very fitting that we join today to give remarks in support of a railway between our municipalities. As a former resident of the city of Elizabeth, very few people know that, having attended George Washington Carver School, I have

special fondness not only for the city of Newark, NJ, but the sister city of Elizabeth, NJ, as well.

Let me say that I come today to give unequivocal support for the idea of a railway, and the one that's been proposed more often by the Growth Connection and others whom I have had the pleasure of speaking to, encompasses a rail link from the Lackawanna Station, Broad Street, Newark, to Penn Station in Newark, a Grant Tower stock on Mulberry Street whereby he himself would contribute $30 million to the project, a stop at the Waverly Yards which has been given to Hartz Mountain and is the belief of the city of Newark that Hartz Mountain who transformed Secaucus from a pig farm to one of the leading growth and revitalized areas in the state of New Jersey can do the same for Waverly Yards, and a stock in Waverly Yards would bring about not only the concerns and preliminary plan for an industrial site, but also a hotel and conference center as well which would be job oriented for the residents of Newark. Then, of course, there would be a stop at Newark International Airport and then the city of Elizabeth.

NEED TO PROCEED

Why should we do this would be a more appropriate question of this morning: First, in facing the transportation needs for the 2lst century, we believe it is the right thing to do. Many citizens in our nation still do not own automobiles and cannot afford to drive to this beautiful airport. More important, those who choose to come by vehicle experience all too often the gridlock at Newark International Airport. If you should come to the Newark International Airport for three holidays, Christmas, Thanksgiving and, yes, this past weekend when I left in and out several times, you will find many citizens who simply are frustrated in trying to park, they leave their vehicles on grass islands, concrete islands, abandoned their car, they just give up hope in trying to catch that flight. And also we need to be concerned about increasing air pollution if we could reduce the number of vehicles frequenting the airport. How do we reduce that? Simply by creating this vitally needed rail link.

I have often dreamed of someone standing in the train station, Pennsylvania Railroad Station, New York, and by moving forward 5 or 10 feet with bags in arms and children holding on to their arms, the door can open and they can be at terminal A, B, or C at Newark International Airport. And I think that's the dream we envision.

Second, there's an economic need, ratables would be created, not only for the airport but there would be a spinoff for the cities of Newark and Elizabeth, which receive public work funds from the Port Authority of New Jersey and New York. The job creation would be tremendous at a time that both of our cities and the area, if you want to reduce crime, if you want to reduce drugs in a city, if you want to give hope to individuals in the city, what do you do? You give them a job. When you meet someone for the first time in America and while flying at 37,000 feet from San Francisco, it happens everytime, someone will turn and say what is your name, he will drink your drink, smoke

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your cigarette and then say where do you live? Again smoke your cigarette, drink your drink and, finally, comes the most important question someone will ask you, where do you work? How do you earn a living? And by creating this rail link, Mr. Rouse has stated over and over again the growth around the airport would be tremendous. But better I'd like to quote the words of Mr. Stanton, president and CEO of the First Jersey Bank in the state of New Jersey. When speaking at the Growth Connection held here in the area, Mayor Dunn and I were sitting next to each other that day as well, Mr. Stanton, CEO of First Jersey National Bank, simply said, if it were not for the fact that I was located at transportation stop, Exchange Place in Jersey City, rather than First Jersey, building the largest office building in the state of New Jersey, we would be building the largest parking lot in New Jersey. So there is clear evidence that a rail link will spur economic development and create all kinds of tax ratables and jobs for the citizens.

Finally, it makes sense. It makes sense for New Jersey, it makes sense for the people who frequent the airport, for the city of Newark, for the nation. And it's a good investment. There are many success models in Las Vegas and I just left Tampa, FL, flew into Sarasota, they have a model. Chicago model we are familiar with, Dallas, TX, and, of course, Atlanta, GA, has a tremendous model as well.

Let me say, Senator Lautenberg, we can't tell and you cannot tell the private sector what to do and how to spend their dollars. This is America and the right of free exchange. But as we celebrate the anniversary of Dr. Martin Luther King, it's an unfortunate untimely assassination on April 4, 1968, what better time for government to reaffirm that it has the power and more responsibility to save cities, to improve life and to address all the problems of urban America? How can you do that? By creating this rail link, because this will spur growth and development in Elizabeth and Newark. And the ratables we talked about, we can't tell private developers to do that, but government has a responsibility to spend its dollars wisely and to bring this into reality.

We also have proposed in the city of Newark a $300 million state-of-the-art facility. When Mr. Shea made the recommendation for the city of Newark and others wanted it, Morristown and Cherry Hill and everyone else, he selected the city of Newark. Why? Because it's the transportation hub for the state of New Jersey. All roads lead to Newark. And, now, in order to complete that transportation hub, to make it work, to prepare for the 21st century, we need this rail link.

And so I come before you today, stating that the city of Newark will help, the city of Newark will cooperate, the city of Newark is looking for a viable partnership with the government and, of course, we will use all of our blanket development powers in assembling the land. We are willing to work with you to make this dream possible.

Yes; Dr. Martin Luther King was right, proper, and correct that we have to dream great dreams and then work hard to make them come true. Both Mayor Dunn and I have been fighting for the last 17 years

to make this dream come true in order to benefit, not only Newark, not only Elizabeth, not only the metropolitan area, but to prepare this state for the 21st century.

New Jersey leads the nation in revitalization. New Jersey, the second richest state in America, and we say that this growth and all of this will come to a halt if we do not complete that with this vital transportation link and we urge your favorable consideration of this request. Thank you very much.

Senator LAUTENBERG. Thank you very much, Mayor, it's a pleasure to have both of you here because each of you is such a strong advocate for the cities that you represent. Each of you has a long history of, not only affection, but serious involvement in the way those cities go.

Funny thing, Mayor James, is that I, too, was a resident of Mayor Dunn's city at one point. Living across the street from Baton High, I'm not sure whether that was South Williams or——

Mayor DUNN. Williams.

Senator LAUTENBERG. Williams Street. I did that because I knew one day I would be coming to Tom Dunn, say, hey, Tom, need a little help here and there. He can claim me as a native son. I passed through a lot of towns in New Jersey.

We are glad to have you with us. Mayor Dunn, we invite your testimony at this point.

STATEMENT OF HON. THOMAS DUNN, MAYOR OF ELIZABETH

Mayor DUNN. Thank you, Mr. Chairman. Senator, it's a privilege to be appearing before you with my good friend, Mayor Sharpe James, on such a beautiful day, and I can't help but fill up with recollections of things that I have been part of in my, thank God, long life. I can remember when this airport was nothing but a mud field and as a kid on Saturday I would help wash the isinglass copings over the cockpits of the planes. I was with Austin Tobin many times when he planned for this magnificient airport. I was with Austin when he planned such things as the Trade Center, the Trade Towers. And on a day like this, when we see what has become reality from plans that were very, very abstract and unromantic at the time, we realize that we have a tendency to take progress for granted. We have a tendency to forget what was here before certain people went to work to make sure that things did work. And this airport is certainly a testimonial to a lot of people and especially to the Port Authority of New York and New Jersey and to our legislators in Washington, and Trenton and local officials and whatever we think about today is going to happen. I just wish that we could all come back again 50 years from now to see what took place as a result of some of the things that we have been part of and perhaps what we are talking about today might be obsolete at that time. But it's going to happen and we have a great deal of faith and confidence in your efforts to make it happen and we would not be wasting your time or our time being here today if we didn't feel strongly that it should happen.

As I don't think I should or necessarily have to point out, I have been the mayor of the city of Elizabeth now for almost 24 years, and I welcome this opportunity to speak before the Subcommittee on Transportation concerning the proposed rail link between Newark International Airport and the cities of Elizabeth and Newark.

I have been an advocate of this transit link for several years, as reflected in my statement of November 16, 1987, when I presented the city of Elizabeth's prospectus at a seminar entitled, "The Growth Connection." Since that time, Elizabeth has participated on the steering committee for the economic and transit access study of Newark, Elizabeth, and Newark International Airport, which was commissioned by the New Jersey Department of Transportation. That study explores the viability of a new transit service on a fixed guideway connecting the Broad Street Station and Penn Station in Newark and the Elizabeth Midtown Train Station with the Newark International Airport. This new transit service described as an automated guideway transit system or AGT would operate on a 7.8-mile alignment, would require no vehicle operators, it would have a vehicle capacity of 51 passengers, would be able to operate with one, two, or three cars and, at its peak schedule, would operate every 3 minutes with a traveling time of 24 minutes from end to end, and actually only about 8 minutes from the city of Elizabeth to the airport.

RAIL LINK STUDY

The study's findings, which were released by New Jersey Transportation Commissioner Hazel Gluck this past February were well received by the public, in part, I believe because of the growing realization of elected officials, business people and the general public, that this is an idea whose time has come. One of the major findings of this study is that, quote, quality transit service can have a major positive impact on economic development activities when the transit investment is supported by urban policies and actions, end quote. A development forecast for Elizabeth indicated that for nine potential development sites on the Elizabeth transit corridor, there would be a significant increment of development with the proposed transit link between midtown Elizabeth and the airport. To be specific, the incremental development resulting from the transit link has been projected to be 970,000 square feet of office and retail space, 850 hotel rooms, 1,060 residential units, all resulting in 5,150 additional employees and 2,120 permanent residents in Elizabeth alone.

This same study has estimated increased property taxes generated by this development to be at least $3.5 million per year.

Mr. Chairman, I can assure you that the city of Elizabeth is prepared to play an important role in aggressive land use plan, site preparation, and infrastructure improvement so that these critical elements can be coupled with the transit link with the objective of capturing approximately 15 percent of the regional growth of the northern New Jersey economy through 1995.

The city will be incorporating these development forecasts in its master plan, which is about to be updated and the city's planning board is currently studying two of the proposed development sites as major redevelopment areas.

I'm also pleased to advise that I serve with Newark's Mayor Sharpe James on a growth connection leadership committee, which will be working to promote and guide the development of this transit link. I have emphasized the economic development aspects of the benefits to the city of Elizabeth because it is important to realize of the 39,000 projected daily passengers trips in 1990, air passenger trips constitute only 10 percent of the total daily ridership. If that projection were to change, I would predict that it would be one of an increase in air passengers. Certainly, a very crucial aspect of this proposed transit link would be to relieve Elizabeth's streets and highways from congestion being generated by the airport, one-third of which is, as you know, geographically located in Elizabeth itself.

Mr. Chairman, this concludes my formal remarks on this important topic. On behalf of the city of Elizabeth, I would like to thank you and the members of the committee for taking this interest in the future of our cities.

Senator LAUTENBERG. Thank you very much, Mayor. It's good to hear that each of you agrees on the importance to your respective communities of this rail link. Again, the development of Newark Airport, this facility, probably stands out as one of the two or three most important single factors in the resurgence of New Jersey's overall economy. Companies located here, people came here because they know that they could have access to the airport, to the financial centers of the world, and in fact, create in this state of ours, some of the facilities that were for so many years lacking and that drove us to New York City or other places for services that are now available here with the growth of our banks and growth of our businesses in this very wonderful state of ours.

TRAVEL TO JOBS

I just want to square away a couple of things with each of you. Mayor James one of the most important questions today, those of us involved in transportation face, is getting people to where the jobs are. There's been a long-running debate whether or not we can get jobs into the city to take care of needs of the urban dwellers. But meanwhile, many of the jobs are in the suburbs and people from the cities have to travel there. Do you think that this rail link would have an impact on the ability of Newark residents to get to work, to find jobs that are presently not available? Would it be a factor in developing an employment base?

Mayor JAMES. I'm glad you asked that, Senator Lautenberg, I made notations to talk about the work force while speaking to you, because even from just the airport from downtown Newark, people say we can see the airport, we know the importance of the airport, but how do you reach the airport? Because there's minimum transportation even from

the city of Newark reaching the airport. We have had individuals already killed crossing the highway trying to reach the airport to work in the Marriott Hotel and other places.

Once you have a rail link established along the airport, if we talk about from Lackawanna, talk about from Waverly Yards, talk about Elizabeth, it will open up a tremendous number of job opportunities because as Mr. Rouse has stated in his evaluation of the Baltimore area and this area, when he spoke at that growth connection meeting, he said, along the rail line, industry will develop and individuals will be able to stop and get off and secure employment all along that rail line.

Yesterday I toured the continental opening of terminal C to our right including the new baggage system which will be state of the art. Once again, there will be a demand for almost 2,000 new employees at the airport. But the question for many will be how to get here, how to reach it.

So I now not only see benefits here at the Newark International Airport with a rail link, but I see jobs being developed along the entire route of this rail linkage. If someone wants to sell a hotdog along there, someone wants to have a store, someone wants to have a shop, individuals in the city of Newark rate jobs as the No. 1 problem that we face giving people the opportunity to join Main Street, America, they will be able to increase job opportunity.

It's very vital and we certainly concur with those remarks.

Senator LAUTENBERG. Additionally, I can see traffic, commercial traffic developing if we are able to link up with Penn Station, with Lackawanna Station, bring people to the Art Center. All that has got to have a direct impact on the economic development within——

Mayor JAMES. Someone will have to repair the trains, drive the trains and be ready. We are talking about a training program, city of Newark, from mechanics and engineers which was brought to our attention yesterday, and we are really excited over that. And we think it would just be a vital part of this region and so forth.

STUDY UPDATE

Senator LAUTENBERG. Mayor Dunn, there was a study conducted by the Union County Chamber of Commerce's development company in 1986 which suggested that more than half the city residents would use a people mover to travel from their homes and offices to Newark International if one were available. Does that serve——

Mayor DUNN. It seems valid to me. I'd like to add to that by saying that there's a great—and to augment or to supplement what Mayor James said—there's a great interplay between the people of Newark and the people of the city of Elizabeth. A lot of people from Newark work in Elizabeth, a lot of people from Elizabeth work in Newark. Now, for the past 10 years or so, there has been a tremendous amount of progress in industrial development in what we call the Elizabethport and Port Elizabeth. A lot of jobs have been created through the efforts of the city working with the New Jersey Economic Development

Authority. For example, we tore down the Singer plant. New plants have been built. We have new construction, new companies operating in Port Elizabeth who were never there before. They are all job creators; however, the transportation systems being provided by the New Jersey Department of Transportation are lacking.

If we have this rail link, I think what it's going to do is generate and mandate that the New Jersey Department of Transportation create more bus routes from Newark to Elizabeth or to the rail link or from the Port Elizabeth or Elizabethport to the rail links so those people can get back to Newark.

We have one company coming into the city of Elizabeth, Senator, I don't know whether you are familiar with it or not, it's called the IKEA Co., it's a Swedish company that manufactures and markets retail furniture and while doing so conducts a couple of restaurants, a day care center for kids who are the kids of the employees, as well as the kids of the shoppers. From the figures that I have seen, and I stand to be corrected, if—I can't be off too—they expect 45,000 new people coming into the city of Elizabeth after that company completes its project over here on North Avenue east by Kapkowski Road through the cooperative venture of the port authority and the city of Elizabeth. It's been approved by the planning board, it's in the works now, and I'm pretty sure, I feel very optimistic it's going to work.

You are going to have about 45,000 people a week adding to the congestion in this area when Ikea opens. Well, there are no words to describe the size and action that will go on in that place and how they operate their business, but if that one thing alone will add to the, again, I hate to use the word "mandate," the mandate that something has to be done here to make it easier for the people living and working and using the Newark Airport area as their means of occupation and as a means of getting to and from their jobs, whether it be on the local level or national level by using the airport for planes elsewhere.

MOBILITY ISSUES

Mayor JAMES. Senator, if I might add, the interest in our area has been established and in this airport. Not only do we benefit from the standpoint of residents seeking jobs, but we have to have the airport to be competitive and viable. When the Washington Redskins played in the 1987 playoff against the New York Giants, they did not stay in New York, they did not stay in Moonachie, NJ, they did not stay in Secaucus, they stayed here in Newark, NJ, at the Marriott Hotel because of the transportation hub that they can leave and go up to Giant Stadium. I'm only saying that that interest in the area is going to continue. But in the 21st century with the number of cars and growth, particularly at the airport, again we should review the trends. Originally we had 30 million last year, we went down 26 with the merger of People and Continental. But with the opening of terminal C soon to occur, there's going to be an additional 2,000 jobs in this area for Elizabeth and Newark and there's going to be a new growth and there's going to

be increased flight gates. The growth will go back to that 40 or 50 million mark that Mayor Dunn has talked about.

They cannot come, if we continue to depend that the major access to this airport will be cars and buses, it will be detrimental to continue growth in this area and this region. We can ill afford that shortsighted view, and I would like to say that what we are talking about is not a rail link, it's a survival link for Newark to continue to grow, for Elizabeth, for this airport, it's not a rail link we are talking about, a survival link. I still can't believe that when I landed at Tampa, FL, and the distance from the airport to the terminal was only about 200 feet, we were able to get on one train and just ride that distance. It was like an amoeba structure when you land in Tampa, the terminal is in the middle, the major lines are out and you can take a train in any direction out to the line. And I said to myself, if Tampa can afford a rail link, is Newark in the dark ages? Is New Jersey in the dark ages, with the fastest growing airport in the region?

Finally, Senator, I would like to say that we have an unique moment of opportunity, the Port Authority of New Jersey and New York has set aside in the capital budget $60 million for a people mover. Harry Grant has indicated no longer does he want the rail link to go right through the living room or bedroom or penthouse of his building, he's not compromising. The plan has been presented to us. The rail link goes down Mulberry Street, behind his building. He said, fine, you can still have my $30 million of private capital. So we have $90 million being dangled as a carrot as we address this critical problem. And I would hope that we seize the opportunity to go forward with $90 million in the offering already.

ECONOMIC DEVELOPMENT

Senator LAUTENBERG. One of the things we have seen in our state is that economic development without an appropriate transportation access can be suffocating. And we are seeing new jobs and new investments being reconsidered by companies in some of the most popular areas for development, look at Route 1, Route 287. People are saying, look, we just can't abide that kind of congestion. And these areas, Elizabeth and Newark, have been among the last to benefit by this resurgency. And it's time to catch up. This is a wonderful opportunity to do so.

We can, all of us speaking on behalf of New Jersey for the moment, we can help relieve some of the traffic at LaGuardia Airport which is so congested, and some of that at Kennedy. There is no other rail link in this area. There's no other automated way to get there from here. If we get this one in, it will be the only one.

And people now who are concerned about the cost of traffic, you said it in your opening remarks, Mayor James, people out of desparation dump their cars wherever they can because they are going to miss their airplane. If they can leave them behind, not spend the money for the parking, not congest roads, not pollute the air, it would be a real bonus. The one thing I find exciting, when you talk about the private sector coming in, say, look we have a stake, we have an interest in this, we want to make a contribution.

You know the Atlantic City rail line, that is being built and will be operating in early 1989 from Philadelphia to Atlantic City will help promote tourism, will help promote interest. You are going to be able to get on a train in New York and wind up in Atlantic City in 2 hours and not have to wrestle with the traffic and pollution on the way.

The private sector is putting up some of the terminal there. They are saying we find it worthwhile, it is in our best interest as commuting people as well as economic leadership to invest in the system. And I predict you too will find that.

Mayor, how exciting it is when you talk about the kind of company coming in with the kind of potential you describe here. It's not only exciting, it's essential. I mean look at all of us with our long histories in this state. I was born in Paterson, you represent the other cities. New Jersey without its cities participating, eventually, has to surrender, because we can't have people who are below the living standard at one point and people who are way above it without paying some kind of price for that. This is part of that social economic development that we need.

We thank you very, very much for being here.

Before you go, Mayor James, I want to ask you this one question: Isn't it true that most of Newark's current downtown redevelopment has occurred within walking distance of Penn Station? Is that largely the——

Mayor JAMES. That's very true Senator, in fact, we have had offers from individuals who have come from the city of Newark, from out of town, out of state and they said, please find us land and they have asked for just one concern, would it be within walking distance of Penn Station?

Senator LAUTENBERG. Or Broad Street.

Mayor JAMES. And getting to the transportation hub where they can get to New York or get to Philadelphia. The transportation hub and we do not compliment this, look forward to the future, we are happy with this love today, but we realize if we do not plan for tomorrow, do not plan for the 2lst century, we will lose. We have to remain competitively viable and that's why we are very pleased with this committee because that's what we are trying to do. The airport and Newark, Elizabeth, and the region must be made competitive for the future or what good has been achieved in the past will soon be lost.

CONCLUDING REMARKS

Senator LAUTENBERG. One thing I hear from the two of you is recognition that all of us in these communities are inextricably linked together. Newark can't prosper without Elizabeth and New Jersey can't prosper without the cities and the region can't prosper without all segments of it participating, and this is one way to do it.

Mayor Dunn, you must see terrific opportunity associated with this kind of development. You have lots of good hard-working people in both your communities who want jobs and who satisfy a need that we

can't satisfy. We are pleased to see our unemployment figures dropping, but it means something else, it means that companies cannot find enough people to do the work. And in both of your cities and other cities around the state, there are people who are dying for jobs who can't get them because they can't get to them. And with a little bit of training, we have seen that in my old days in the commercial world, give them a little bit of training, a little bit of a start, from those seeds——

Mayor JAMES. There's an old philosophy that says well, why do this because Elizabeth and Newark will benefit? Some say economics should not come into it. If Newark and Elizabeth are to benefit from it, that has nothing to do with ridership to the airport. I would like to say unequivacally this morning, the airport and the cities have an umbilical cord. Who wants to land in an airport, beautiful, mortar and bricks, but the city around it is dying and dead? How often have we landed in an airport and because of the weather, because of visibility, we have to remain at that airport. The first question comes up, where's the nearest hotel? Where can I go to a restaurant? Is there a movie I can go to? Let's walk into a city. I believe there's a definite linkage and importance that not only should the airport grow because people say, well, I will put the dollars in the airport because I'm flying in and out. But forget about Elizabeth, forget about Newark, they are inseparable. We have to have viable cities that serve viable airports.

Senator LAUTENBERG. Thank you both.

Mayor DUNN. Thank you, Senator.

Senator LAUTENBERG. Thank you for the testimonials and support for this project because I do share your enthusiasm.

I'd like to call Mr. Mike LaPolla, director of the Union County Board of Freeholders.

Unfortunately, Freeholder Cavanaugh from the Essex County Board of Freeholders couldn't be with us this morning. He phoned in just now and said that, please, make sure that everybody knows that the Board of Essex County Freeholders considers this link critical to the future of the city and of Essex County.

And I assume that Mr. LaPolla, whom I know from other than this hearing, will also support the view that this is a pretty important step forward, and, Michael, we are pleased to see you and invite you to give your testimony this morning.

UNION COUNTY BOARD OF FREEHOLDERS

STATEMENT OF MICHAEL LAPOLLA, DIRECTOR

Mr. LAPOLLA. Thank you, Senator.

First of all, I would like to thank you for the opportunity to address this important issue.

I come here today to reaffirm Union County's support for the development of the Elizabeth, Newark, Newark Airport transit link. This regional approach is one worthy of support by all levels of govern-

ment. Without a joint effort, I don't think this transit link will become a reality.

This project is vital to Union County on two interdependent funds, transportation and economic development.

As we all know, the growth of Newark Airport has been phenomenal over the past 10 years. With that growth has come an increased burden on local roads, traffic has become a tremendous problem. Without addressing this problem on a regional and long-term basis, the areas surrounding the airport will not be known as the gateway to New Jersey but the bottleneck of New Jersey. New roads are not the answer. The transit link is a sensible approach to this growing problem.

Union County has over half a million people living in 100 square miles. We don't have the open space for development as in Hunterdon or Morris County. Our economic future hinges on redevelopment of our older industrial cities, what was 100 years ago our first industrial frontier has once again become our new frontier. The transit link provides opportunities for job and development that no other project can come close too.

Unfortunately, the economic development in eastern Union County has lagged behind the growth of the airport. The transit link is vital to the development of our region.

Senator, this project requires a joint venture among all levels of government. Without that, we approach the year 2000 facing gridlock and a region denied the opportunity to reach its full potential. More parking lots are not the answer.

Again, I'd like to close with saying Union County supports this project 1,000 percent, and I'd like to thank you for taking the leadership role in this issue.

STUDY FINDINGS

Senator LAUTENBERG. Thank you very much, Mr. LaPolla.

Have you had a chance to look at the preliminary release of the Gannett/Fleming studies at all?

Mr. LAPOLLA. Yes, I have.

Senator LAUTENBERG. Do you concur with their forecast of the effect on the county as far as your county is concerned?

Mr. LAPOLLA. I agree wholeheartedly. I think that the growth of the airport has had a benefit to our region, but you just have to go a mile away from here to the Route 1 area of Elizabeth and into Linden to see that we haven't had the kind of development that should go hand in hand with an airport of this size.

Senator LAUTENBERG. So if you could reduce the benefits to a couple of chief ones, what would you say they are, Michael?

Mr. LAPOLLA. I would say transportation and economic development. I don't think they could be separated. As Mayor James said, you can't talk about the needs for the transportation aspect but not talk about the economic development and benefits in this area.

A projection of over 80,000 jobs in this region is phenomenal; there's no other project and no other way we can generate that kind of development.

In a county like ours where we have such a diverse population and an economic base from the working class areas of Elizabeth and Linden to the more affluent suburbs of Westfield and Summit, we have to work hard to redevelop our older urban areas. And I think this is something that will not only benefit the city of Elizabeth, but all of Union County.

Senator LAUTENBERG. Are you aware of economic interests looking at Union County, people who might be interested in investing, establishing plants or facilities there that would be encouraged?

Mr. LAPOLLA. I think that the whole linkage to Airport City, which is less than a mile away or perhaps borders on the airport itself, there's the last undeveloped tracts of land, one of the last undeveloped tracts of land in our county, let alone in the city, that I think would be a tremendous site for development given its access to the turnpike, Route 1 and the airport itself. I think that the lynchpin to that is this rail link and from there to downtown Elizabeth. There are many, many businesses already interested, interest in the EDA Industrial Park and Port Authority Industrial Park is tremendous, and I think that's just the beginning.

Senator LAUTENBERG. So the investors are there, business people are there, and you feel that if we can provide the added bonus of a good transportation, good connection that will provide even more encouragement or inducements?

Mr. LAPOLLA. Absolutely.

Senator LAUTENBERG. Have you heard any negative reactions to the proposal?

Mr. LAPOLLA. Whenever you talk about a project that's going to cost hundreds of millions of dollars, there's always concern about how it's going to be paid for and whether or not this will operate in the black or permanently in the red. I think this is not going to be done by one group alone. I think we have to work, the cities, the counties, in particular, the port authority and the federal government. I think that we have to have all those people working together. It's not something that we can float a bond issue on a local level and pay for it, regardless of the ridership. But I think that we have to have that kind of involvement where people see that everyone's a player and everyone supports it and it's a worthwhile investment. But without an active role by the state of New Jersey and the port authority and the federal government, this is never going to happen.

[The information follows:]

NEWARK-ELIZABETH-NEWARK INTERNATIONAL AIRPORT ECONOMIC AND TRANSIT ACCESS STUDY

PRESENTATION

NEW JERSEY MONORAIL LEGISLATIVE COMMISSION

MARCH 30, 1988

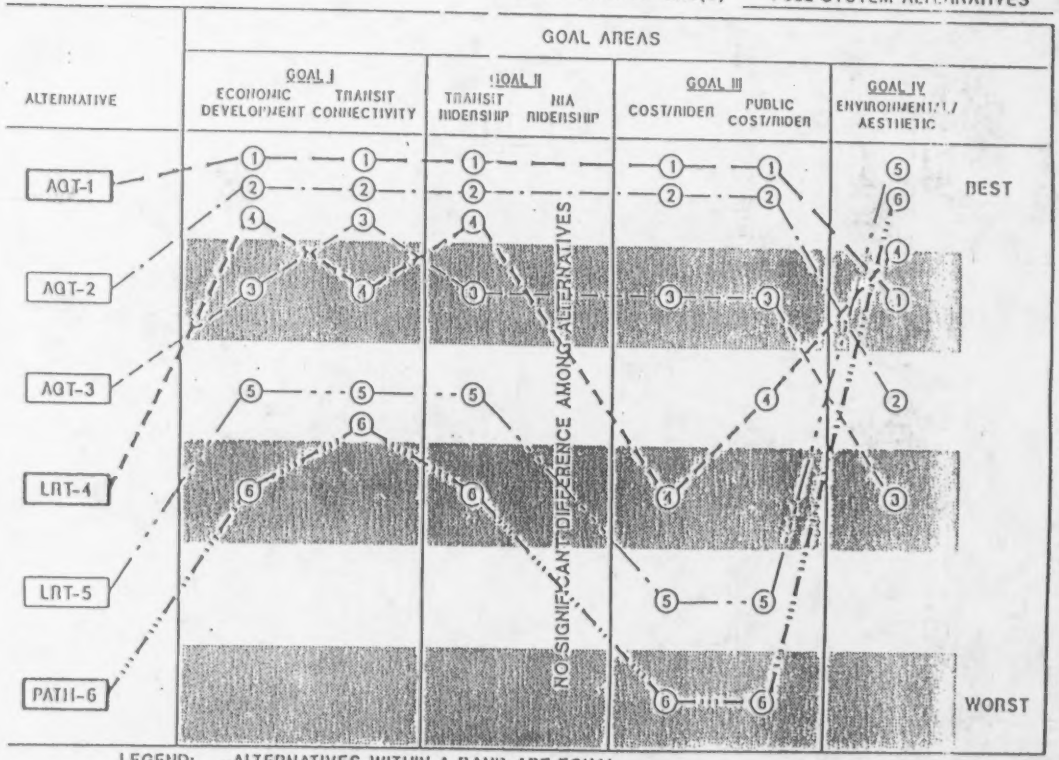
INTRODUCTION

TECHNICAL FINDINGS

NEXT STEPS

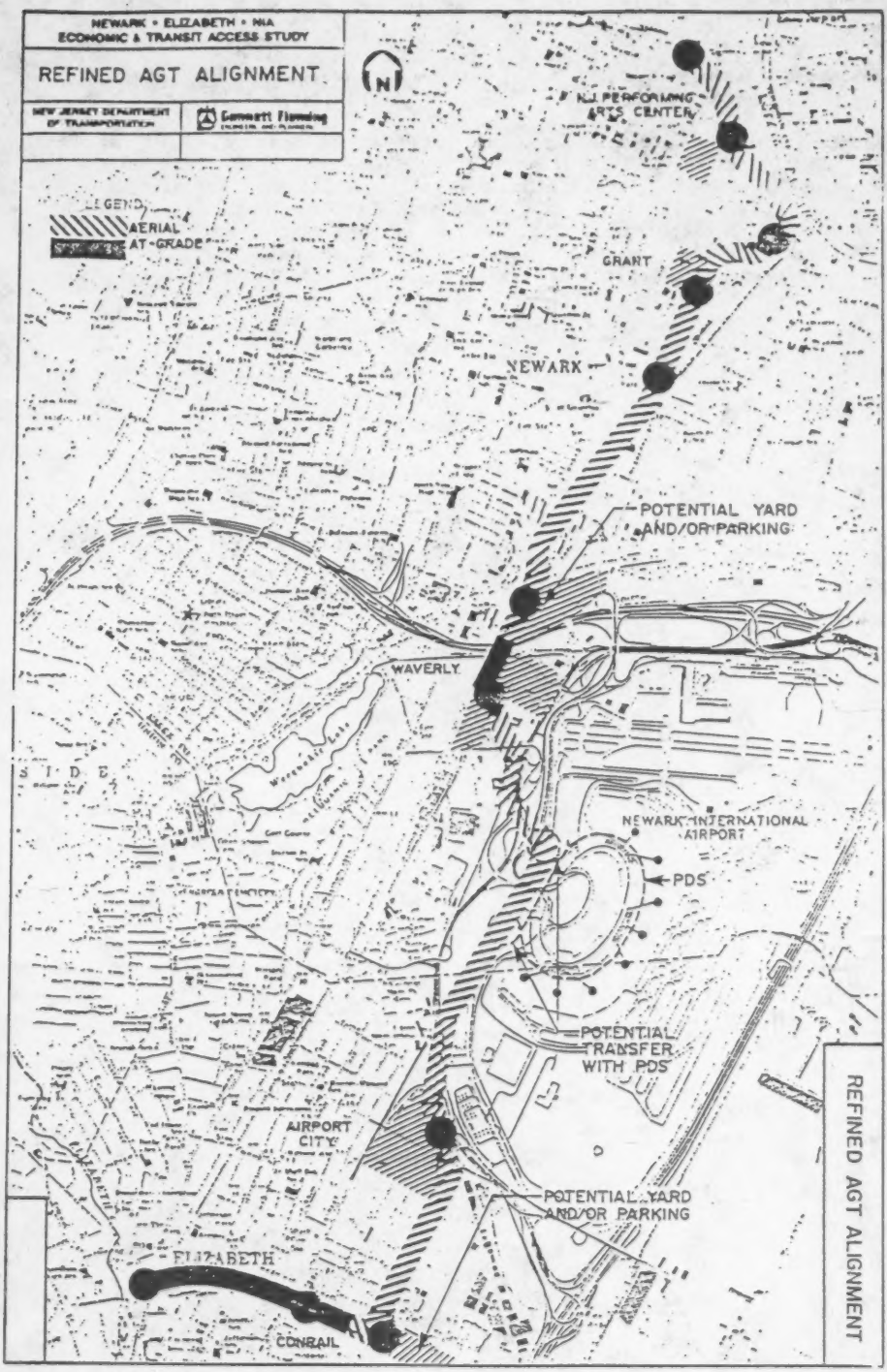
GOAL ACHIEVEMENT DISPLAY

SYSTEM/SEGMENT(S) FULL SYSTEM ALTERNATIVES



LEGEND: -ALTERNATIVES WITHIN A BAND ARE EQUAL
-EACH BAND REPRESENTS A 10% ± DECREASE FROM THE ONE ABOVE

CONCLUSION: AGT AND LRT PREFERRED OVER PATH EXTENSION


NEWARK • ELIZABETH • MIA
ECONOMIC & TRANSIT ACCESS STUDY
REFINED AGT ALIGNMENT
NEW JERSEY DEPARTMENT OF TRANSPORTATION
Gannett Fleming
LEGEND
AERIAL
AT-GRADE
N
N.J. PERFORMING ARTS CENTER
GRANT
NEWARK
POTENTIAL YARD AND/OR PARKING
WAVERLY
S I D E
NEWARK INTERNATIONAL AIRPORT
PDS
POTENTIAL TRANSFER WITH PDS
AIRPORT CITY
POTENTIAL YARD AND/OR PARKING
ELIZABETH
CONRAIL
REFINED AGT ALIGNMENT

REFINED AGT OPTION PROFILE

Automated Guideway Transit (AGT): a two way fixed guideway system, on a fully protected (separate) right-of-way; largely aerial construction.

Routing (see attached map): North Broad Street Station to Newark Penn Station to City Hall (Grant Towers USA) to Waverly Yards to NIA to Airport City to Elizabeth Midtown Station. Length: 7.8 miles.

NIA Interface: separate corridor and on-airport systems with high quality transfer; could be same technology with possible opportunities for procurement and operations savings; and has flexibility for subsequent integrated service if/when warranted.

Ridership: 39,745 Daily Trips
11.9 Million Annual Trips

Economic Development

[illegible] without project
(base employment): 161,100 jobs

Short-term (1995) corridor employment with project and local development strategy: 189,800 jobs

Change over 1995 base: 28,700 jobs

Costs: Capital

Total ($ 1987): $277.63 Million

DEVELOPMENT BENEFITS

	SHORT TERM	LONG TERM
PERMANENT JOBS	29,000	54,000
OFFICE/RETAIL SPACE	3.2 MILLION S.F.	12.5 MILLION S.F.
HOTEL ROOMS	3,800	5,000
RESIDENTIAL UNITS	1,400	3,200

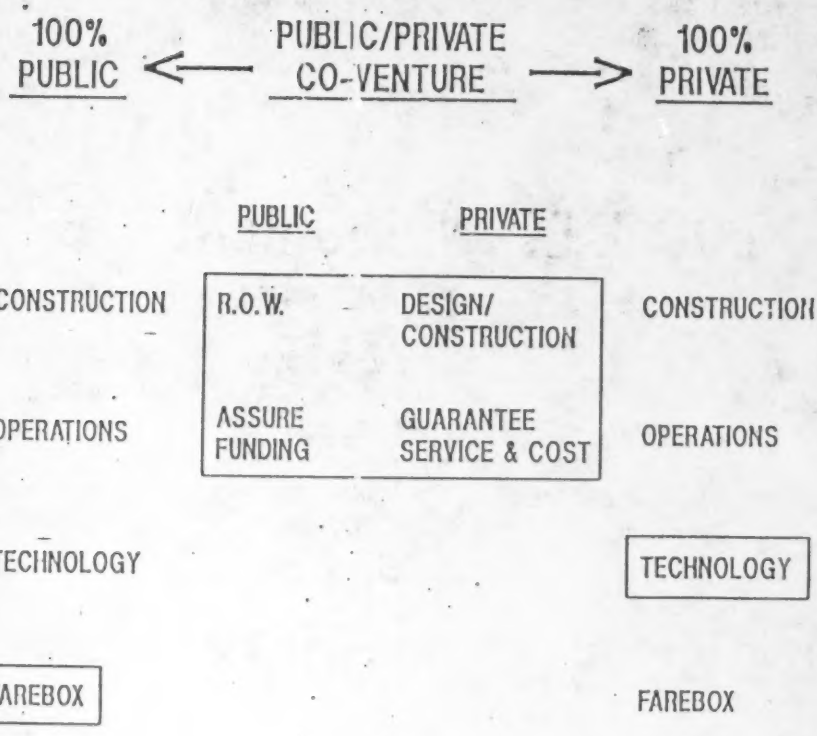
LOCAL ECONOMIC BENEFITS

	SHORT TERM	LONG TERM
LOCAL PROPERTY TAX	$3 .3 MILLION/YEAR	$71.3 MILLION/YEAR
LOCAL WAGE TAX	.0 MILLION/YEAR	4.5 MILLION/YEAR
LOCAL PARKING TAX	0.8 MILLION/YEAR	1.2 MILLION/YEAR
	$42.1 MILLION/YEAR	$77.0 MILLION/YEAR
INCREMENTAL PROPERTY VALUE	$492 MILLION	$733 MILLION
DEVELOPER PARKING REDUCTIONS	$77 MILLION	$154 MILLION

SYSTEM COSTS

CONSTRUCTION	$280 MILLION (1987 DOLLARS)
R.O.W.	(PUBLIC AND DEVELOPERS)
REMOTE PARKING	(DEVELOPERS)

OWNERSHIP OPTIONS
(RISK ASSUMPTION)



FINANCING ISSUES

- PUBLIC ENTITY
  - PURCHASE SERVICE/REGULATE FARES
  - ASSEMBLE R.O.W.
  - ASSUME FAREBOX RISK
  - ASSURE FUNDING FOR:
    - LONG TERM DEBT
    - SUBORDINATED DEBT
    - VEHICLE LEASING
    - O&M CONTRACT
    - RETURN ON EQUITY

  } $45 MILLION/YEAR (INITIALLY)

- PRIVATE VENTURE
  - DESIGN/CONSTRUCT/OPERATE
  - EQUITY INVESTMENT
  - ASSUME RISKS OF:
    - CONSTRUCTION
    - OPERATION
    - TECHNOLOGY

  } $120 - $150 MILLION

- CAPITAL FUNDING
  - PA NY/NJ — $60 MILLION
  - LOCAL DEVELOPERS
  - STATE/LOCAL
  - UMTA

  } $70 - $100 MILLION

STUDY RECOMMENDATIONS

Adopt an AGT concept as the most promising guideway alternative for the Newark-Elizabeth corridor.

Adopt the across-platform transfer concept as the most appropriate interface between the corridor system and the Newark Airport Passenger Distribution System.

Advance the AGT concept through project development to refine and confirm the system configuration, to identify the procurement process and to formulate an ownership and financing plan.

THE NEXT STEPS

- DEFINE ALIGNMENT/TRANSFER LOCATION AT NIA
- COMPLETE PROJECT DEVELOPMENT/ ENVIRONMENTAL ASSESSMENT PHASE
  - R.O.W./ALIGNMENT/COSTS
  - ENVIRONMENTAL ASSESSMENT
  - PERFORMANCE REQUIREMENTS
    - ALLOW AUTOMATED OPERATION
    - ALLOW DIFFERENT TECHNOLOGIES
  - COMPETITIVE SELECTION PROCESS
- OBTAIN PRIVATE DEVELOPER COMMITMENTS
  - R.O.W.
  - CAPITAL FUNDING
- COMPLETE OWNERSHIP/FINANCING PLAN
  - PUBLIC ENTITY
  - SOURCES OF FUNDS
  - PROCUREMENT PROCESS/PURCHASE OF SERVICE AGREEMENT
  - NEED FOR STAGED IMPLEMENTATION
- IDENTIFY DEVELOPMENT POLICIES/PROGRAMS
  - CLEAR POLICIES TO ENCOURAGE DEVELOPMENT
  - PARKING POLICY
  - JOINT AGENCY PROCEDURES TO FACILITATE DEVELOPMENT

BRIEF RECESS

Senator LAUTENBERG. Thank you very much for being here. Your words are very helpful.

Mr. LAPOLLA. Thank you, Senator Lautenberg.

Senator LAUTENBERG. Is Mr. DelliBovi here? We will give Mr. DelliBovi a minute to get here, and I will take a minute to recess while doing that.

[A brief recess was taken.]

DEPARTMENT OF TRANSPORTATION

URBAN MASS TRANSPORTATION ADMINISTRATION

STATEMENT OF ALFRED A. DELLIBOVI, ADMINISTRATOR

INTRODUCTION OF WITNESSES

Senator LAUTENBERG. We welcome Al DelliBovi, he's from the region, at least, even if he's not from Elizabeth, as everyone else before you claimed.

Mr. DelliBovi is the administrator of the Urban Mass Transportation Administration. We are happy to have him here. I understand that, Al, you are on your way to Dallas where you are meeting with people about a new start rail link in that city. It tells me a couple of things: (A) we better get our place in line pretty darn quick; (B) it confirms what I said at the opening of the hearing, and that there's a heck of a lot of competition out there. You and I have discussed things like this in the past, transportation is, I think, next to the war and peace issue, and the basic economic issue, going to be the most important agenda item in the next decade. And how we move people back and forth between airports and rail terminals and communities and jobs is going to be the most difficult question that we must answer. We welcome you here and compliment you on the good job that you have done in the short time that you have been the administrator.

STATEMENT OF AL DELLIBOVI

Mr. DELLIBOVI. Thank you very much. If it's permissible, I'd like to submit my testimony for the record and briefly summarize it now. It is good to be back in this region. This is my home. The skyline is from another view, on the other side of the Hudson, but it's all part of a total economically strong region which is joined together by a magnificient river and many other links.

I'm pleased to have this opportunity to appear before you today to discuss, in general, the federal financing of new start projects and, more specifically, the proposed automated guideway system in Newark.

You are correct, I am on my way to Dallas. They have 93 miles of new start rail lines that they will be looking to the federal government for assistance with. That doesn't include their link to the airport, which I believe they will also be talking to us about. I say us because they will be talking to both the Urban Mass Transportation Administration and ultimately to the Congress for the funding of those proposals.

Such new start lines are constructed under the section 3 grant program, and as they have been in the past, are funded on the basis of

an alternatives analysis and preliminary engineering process that measures their cost effectiveness and also looks at the degree of local financial commitment to the particular projects.

The Urban Mass Transportation Administration's experience has shown that fixed guideway transit systems are not, in many cases, cost effective. Less capital intensive solutions are often available to address local transportation problems.

Nevertheless, rail transit and bus guideway projects may be cost effective solutions to some local transportation problems in very heavily traveled corridors where there are large concentrations of employment and other urban activities.

When federal funds are sought for a new start project, an alternatives analysis and environmental impact analysis are required. As part of this process, it is important to note that local officials would be expected to select a single priority corridor before undertaking this alternatives analysis. It is UMTA's policy to advance no more than one corridor project at a time through the planning and development process in a given region. In addition, local officials would need to demonstrate that the alternatives proposed for study are potentially cost effective based on the preliminary analysis of the project.

Now, traditionally, the Congress has appropriated and earmarked about $450 million annually for new start projects. And as you know, for the fiscal year 1989 beginning October 1, the President has proposed elimination entirely of the discretionary program and its replacement with a formula-allocated block grant program.

With the current rate of spending for projects in the pipeline, projects already started, under that formula program would not be completed for 50 years. Given this great disparity then between the demand for new start funding and the availability of funds, UMTA has been asking cities interested in new fixed-guideway transit programs to carefully consider the experience in other cities, to objectively consider all potentially cost-effective options and to increase their local financial contribution. In a sense, to do the best they can with buses first before they go to a more expensive capital investment.

RAIL TRANSIT BENEFITS

As I have said, unfortunately very few of the purported benefits of the new transit systems have actually been achieved. In my statement, the prepared statement I submitted for the record, I described the conditions in Buffalo, Portland, Detroit, Miami, and San Jose as specific examples.

As to airports, I would like to mention three examples that we have experience with. One is Philadelphia, which has a rail link to the airport, which opened in 1985. The projected cost of that project was $62 million, the final cost, and this was a federally assisted project, was $89 million. It was projected that ridership would be 6,000 trips per day. The current ridership is actually 1,700. Just a little bit over one-quarter of what they projected.

Chicago has a heavy rail rapid transit link from downtown to O'Hare Airport along the Kennedy Expressway, which took 15 years to build. The last segment of that system from Jefferson Park to O'Hare opened in 1984. Its projected cost was $136 million. Its actual cost was $160 million. The original ridership forecast estimated a daily ridership of 24,000 boardings at the O'Hare Station. The actual ridership today is 7,200. Again, just a little over one-quarter of what they projected. Finally, in Washington, DC, at National Airport, opposite downtown Washington, we find that there is a higher percentage of airport passengers using public transportation than at any other airport in the country. Fourteen percent of National Airport's passengers use the Metro System. And, by the way, that was not built as an airport line. It was built as a line to serve commuters further down in Virginia. It happens to go through the airport and has a station there.

Senator LAUTENBERG. And it's not convenient to the terminal. You have a fair walk.

Mr. DELLIBOVI. I did it with two packs and it was far superior to the Shirley Highway and trying to find a parking space.

In any case, 14 percent of the passengers going to and from the airport use the Metro System. The comparable shares for airport rail lines in Philadelphia, Chicago, and Cleveland are all below 7 percent. That shows you that the Washington one is higher.

We believe the reason for National's percentage being higher is that so much of the National Airport traffic is composed of short trips by passengers with little or no luggage who are headed for downtown Washington, the location to which Metro provides the best service.

I might add that when I got off at National Airport this morning, only one other passenger and I had luggage. The balance of people, and I would say there were about 60 people on the train that got off when I did, were just carrying a briefcase. They weren't carrying heavier luggage. We find luggage is an important consideration. And one also has to keep in mind that most airport trips begin not at people's work places, which is often downtown, but rather at their homes.

Despite this high percentage that we see at National in the early 1970's the Washington Metro planners were predicting that by 1990 there would be 15,700 daily boarding passengers at the National Airport Metro Station. As I say, it's 14 percent, which is very high, but it's still only about 5,500 boarding passengers per day. Even with a new terminal directly in front of the Metro station, which is planned for construction, we doubt very much that patronage will ever increase to 2½ times what it is now, principally because of the constraints of airline traffic even with a new terminal closer to it; the runways aren't going to increase capacity that much.

NEWARK RAIL LINK

Now, turning to the Newark proposal, we have provided funding through the New Jersey Transportation Coordinating Council for two studies related to transit access to Newark International Airport. The first study performed by the Port Authority of New York and New Jersey concluded that the various rail link options under consideration for Newark International Airport would have few transportation benefits when viewed in the context of their costs. This conclusion is in line with UMTA's knowledge of other airport rail links in that traditionally, airport rail links have not generated significant, new transit ridership because most air passengers have origins or destinations in the suburbs where they live and work and not in the central business districts where the rail links will go.

However, a second study was undertaken by the New Jersey Department of Transportation to take another look at using rail for access to the airport and this one included the economic impact of a rail system. This study was recently completed. Although I have not seen the final report, I understand that it concludes that there would be significant economic and land development benefits from an automated guideway system. I also understand that the study considered alternatives for funding a fixed-guideway system, including a range of public and private sources. I firmly believe that given the considerable projected economic benefits of the project and the limited transportation benefits, the funding arrangement should reflect this private sector interest.

UMTA is currently working with the port authority and the cities of Newark and Elizabeth to pursue this public/private partnership.

PREPARED STATEMENT

Mr. Chairman, that concludes my prepared remarks this morning. I would be happy to answer any questions you might have.

[The statement follows:]

STATEMENT OF ALFRED A. DELLIBOVI

Mr. Chairman, I am pleased to have this opportunity to appear before you today to discuss in general the Federal role in funding new starts projects and, more specifically, the proposed automated guideway (AGT) system for Newark.

As you know, the Urban Mass Transportation Administration (UMTA) provides Federal transit funding essentially through two programs: the section 9 program, which provides funding to all urbanized areas in the nation on the basis of statutory formula, and the section 3 program which provides funds on a discretionary basis for a range of transit projects, including new fixed guideway systems and modernization of older rail transit systems. I'm also sure though that you are aware that the Administration is proposing that no section 3 funds be appropriated in FY 1989. However, given the history of the program I'd like to begin by spending just a few minutes discussing the policies and procedures of the new starts program.

POLICY

In 1984, UMTA issued its Major Capital Investment Policy regarding Federal financial support for new fixed guideway systems and extensions to existing systems. Last year, Congress endorsed UMTA's Major Capital Investment Policy by establishing minimum statutory criteria for eligibility for section 3 "new start" discretionary funding which are similar to criteria UMTA was using under its policy statement. Section 3 grants are now only available for "new start" projects that are based on the results of alternatives analysis and preliminary engineering, are cost effective, and are supported by an acceptable degree of local financial commitment.

UMTA's experience has shown that fixed guideway transit systems are not, in many cases, cost-effective. Less capital intensive

solutions may be available to address local transportation problems. Nevertheless, rail transit and bus guideway projects may be cost-effective solutions to local transportation problems in heavily travelled corridors with large concentrations of employment and other urban activities.

PROCEDURE

The process for developing major urban mass transportation investment projects includes four general phases prior to construction: system planning, alternatives analysis, preliminary engineering, and final design. I'd be happy to go into more detail for you after my prepared remarks if you are interested. Over the last ten years this process of systematically analyzing present and future transportation needs, and looking at the relative costs of alternatives to meet those needs has improved the quality of both local and Federal decisionmaking and resulted in better use of limited Federal funds.

If Federal funds are sought for the project we are considering here today, an alternatives analysis and environmental impact analysis will be required. As part of this process, it is important to note that local officials would be expected to select a single priority corridor before undertaking alternatives analysis. UMTA policy is to advance no more than one corridor at a time through the project planning and development process in a given region. In addition, local officials would need to demonstrate that the alternatives proposed for study are potentially cost-effective based on prelimnary analyses of the variety just completed.

PRESENT SITUATION

At present, there are 34 separate new start projects in either alternatives analysis, preliminary engineering, or final design and construction. UMTA estimates that completion of these

projects would require nearly $10 billion in section 3 new start funding. Additionally, at least 30 other cities are considering fixed guideway transit projects as part of their ongoing system planning processes. The potential Federal funding demand from these projects is difficult to estimate, but is probably in excess of another $10 billion. The proposed rail link we are discussing today falls in this latter category.

However, the amount of section 3 funding available for new start projects is extremely limited. Traditionally, Congress appropriates and earmarks about $450 million annually for new starts. For FY 1989 the President has proposed elimination of the entire discretionary program and its replacement with a formula-allocated block grant program. However, at the current rate of spending, projects currently in the pipeline would not be completed for 50 years. Given this great disparity between the demand for new start funding and the availability of funds, UMTA is asking cities interested in new fixed guideway transit projects to carefully consider the experience in other cities, to objectively consider all potentially cost-effective options, and to increase the local financial contribution.

Unfortunately, very few of the purported benefits of new transit systems have actually been achieved. The record shows that pre-construction forecasts of ridership and hence new system benefits are rarely met when the systems are placed in operation, while capital, operating, and maintenance costs are often higher than originally projected. For example:

** BUFFALO opened a new light rail system in 1985. The original forecast for the $550 million Buffalo light rail transit system was 92,000 riders per day by 1995. The Buffalo system currently carries about 27,000 paying riders daily, 65,000 fewer than originally forecast. In addition, region wide

transit ridership, including the bus system, has actually declined since the rail system opened. In light of Buffalo's declining population and employment, I sincerely doubt that they will meet their forecast, even though they have recently increased their ridership by rerouting buses to force transfers to the rail system.

** PORTLAND opened its new system in the fall of 1986 and projected ridership would be 42,000 trips a day by 1990. The Portland system's ridership is now 19,000 trips a day, or less than half of its projection. Here to I doubt they will reach their forecast. Ridership has actually declined since the system opened and despite projections of increasing population and employment, the increases appears to be outside the urban core which is where the rail system is focused.

** DETROIT opened a 2.9 mile one-way people mover last summer. This technology is similar to that proposed for the Newark Elizabeth corridor. Originally estimated to cost $30 million, its cost was $200 million by the time it opened. Though ridership was originally projected to be 71,000 trips per day by 1990, the people mover currently carries only 8-10,000 trips per day. Stagnant central business district employment suggests that increases will be difficult to acheive.

** MIAMI's METRO heavy rail program (Phase I) was estimated to cost $867 million with a daily ridership of 202,000. The final cost was actually $1.2 billion and ridership is around 35,000. The automated 1.4 mile, $140 million people mover in Miami was originally forecast to make a profit out of the farebox by carrying 41,000 trips per day. It currently carries 11,000 trips per day, of which half are

free transfers from METRO Rail and loses $5.7 million per year.

** SAN JOSE's light rail project, which recently opened its first segment, was estimated to cost $276 million but will actually cost more than $500 million by completion. The original ridership forecast was 43,000 trips per day by 1990. Local officials are now talking about 10-12,000 trips per day by 1992. The first 6.5 mile, totally suburban segment opened this past December and is carrying less than 1,000 trips per day.

As for airports:

** PHILADEPHIA, has a commuter rail link to the airport that opened in 1985. The projected cost of the project was $62 million. The final bill was $89 million. Initial ridership was projected to be 6,000 trips per day. Currently ridership is around 1700 trips per day.

** CHICAGO's heavy rail rapit transit link from downtown to O'Hare along the Kennedy expressway took 15 years to build. The last segment of the system, from Jefferson Park to O'Hare, opened in 1984. Its projected cost was $136 million. Its actual cost was $160 million. Original ridership forecasts estimated a daily ridership of 24,000 boardings at the O'Hare station. Actual ridership initially was 4,000 boardings per day at the O'Hare station in 1984 and is now 7,200 boardings per day.

** WASHINGTON, D.C.'s National Airport, opposite downtown Washington, has a higher percentage of airport passengers using public transportation than any other airport in the

country. Fourteen percent of National Airport's passengers use the METRO system. The mode shares for airport rail links in Philadelphia, Chicago, and Cleveland are all below 7 percent. (The reason National's percentage is higher than other cities is because so much of National Airport's traffic is composed of short trips by passengers with little or no luggage headed for downtown Washington, the location to which METRO provides the best service.) Despite this high percentage, in the early 1970's METRO planners were predicting that in 1990 there would be 15,700 daily boarding passengers at the National Airport METRO station. In the spring of 1987, there were only about 5,500 boarding passengers per day. Even with a new terminal directly in front of the METRO station, it is extremely doubtful that patronage will ever increase 2 1/2 times in the forseeable future because of contraints on airline activity at the airport.

NEWARK PROPOSAL

Turning to the proposal for a fixed guideway for the Newark-Elizabeth-Newark International Airport corridor, UMTA has provided funding through the New Jersey Transportation Coordinating Council for two studies related to transit access to Newark International Airport. The first study, performed by the Port Authority of New York and New Jersey, concluded that the various rail link options under consideration for the Newark International Airport would have few transportation benefits when viewed in the context of their costs. This conclusion is in line with UMTA's knowledge of other airport rail links, in that traditionally, airport rail links have not generated significant new transit ridership because most air passengers have origins and/or destinations in the suburbs where they live and work, not in central business districts where the rail links go.

However, a second study was undertaken by the New Jersey Department of Transportation to take another look at using rail for access to the airport including the economic impact of a rail system. This study was recently completed, and though I have not yet seen the final report, I understand it concludes that there would be significant economic and land development benefits from an automated guideway system. I also understand that the study considered alternatives for funding a fixed guideway system, including a range of public and private sources. I firmly believe that given the considerable projected economic benefits of the project and the limited transportation benefits, that the funding arrangement should reflect this private sector interest. UMTA is currently working with the Port Authority, the cities of Newark and Elizabeth, and the developers to pursue this public private partnership.

Mr. Chairman, this concludes my prepared remarks this morning, and I would be pleased to answer any questions you might have.

CONVENIENCE IN TRAVEL

Senator LAUTENBERG. Thank you very much, Mr. DelliBovi. Of course, it's disconcerting to hear that the projections for traffic in so many of the places are so far off. I have traveled a lot and still do travel some to various cities around the country, but when you talk about Chicago and the traffic jams that are involved in getting to and from O'Hare, I'm surprised that the transit traffic there isn't a lot heavier. The Washington link, as you said, the National Airport link is restricted somewhat by the availability of flights out of that airport. If you want to go to California, you have to go to Dulles. Now the Dulles rail link is that going to go all the way out to the airport?

Mr. DELLIBOVI. Well, that would require taking the Metro Orange Line to the Falls Church Station and then transferring. One of the things, Senator, that we find, is that the more movements passengers have to make with their luggage, the more likely they are to take an airport bus, taxi or their own car. People understandably don't like schlepping this luggage around.

Senator LAUTENBERG. Exactly. The thing that I think that we would see here in Newark is the briefcase traveler, to create an expression, I think in abundant supply here because we have so many corporate headquarters. And if we have a decent rail link, it would be nothing to

take a train from downtown Manhattan or midtown Manhattan to Penn Station if one could then get out here. I think they say the whole route would be completed in less than 20 minutes. I think half of that time would be to go over from Newark and that would be a very appealing thing.

It's interesting to me that you are being invited to Dallas, I'm going to be there on the 1st of May, as well, to look at some of the things they are doing there. Here is a depressed economy. You read about bank failures and the possibility of FDIC being staggered as a result of having to come up with funds to rescue banks, and the oil industry, Yet, they are continuing to build because there is a tomorrow. They know very well that in a city in a state with the abundancy of land space they have in Texas, even they need beyond the automobile to have some way to get back and forth to airports.

The other thing we are concerned about here, in this state, is our inability to meet clean air standards, which will continue to oppress us, and most of that pollution comes from mobile sources. So, sooner or later we have to face up to the fact that not only do we pollute our schedules, because we can't get there from here, but also the air that we breathe. So sometimes these things don't equate in direct dollar terms to the kind of value that we would like to see.

The proposal thus far developed by Gannett & Fleming, does suggest that this would carry a sufficient ridership to cover the operating costs, at least. About 11 million people a year, talking about 1 million people a month, roughly 20 days of travel a month, let's say 25 days, maybe 40,000 riders a day doesn't sound like an enormous number. The Path numbers each day between New Jersey and New York are staggering, and if you could link up with that system——

TRANSIT INVESTMENT

So we are encouraged and we heed your words, Mr. Administrator, when you admonish us to be concerned about the investment relationship between private, the local business, the local government sector, the state government sector and the federal government. And I think it's fair to say that though you are an appointee of the current administration, that you don't necessarily, let me not put words in your mouth, do you agree with the budget proposal that's come down to reduce transit funding by roughly two-thirds, $2 billion? If you prefer not to answer—but I know you are an advocate of transit systems.

Mr. DELLIBOVI. We are going to have ample opportunity to discuss that at a later hearing and I prefer to defer my comments on the proposal. I have been a transit advocate. One thing I'd like to point out as well, I was a state legislator in the mid-1970's in New York. I was very wary—frankly, in opposition to rail lines proposed for Kennedy Airport at that time. The reason for my opposition, I believed then as I do now, whatever dollars were available should be targeted to the rail lines and the rail transit systems that people are using. I felt very strongly then and events unfortunately proved me to be correct, that

the city of New York was at that time deferring maintenance on existing rapid transit systems and they would be better off taking whatever dollars were available to maintain those systems and bring them up to good working repair before they started off on new initiatives. And indeed, unfortunately, I have only to look at the 2d Avenue subway, 63d Street Tunnel, and other fiascos produced on that side of the river, to show my concern was legitimate.

New Jersey didn't make that mistake. I would just caution you that there is an ambitious program to continue the renovation of existing community rail and bus systems in New Jersey and I wouldn't want to embark upon any initiative that might take emphasis away from that. You know better than I the fierce competition for the funds available for these programs, and the lines that do have ridership, in my judgment, are the ones that we should be doing everything to preserve and make sure they are in the best possible shape before we go further.

Senator LAUTENBERG. While you were in New York State, I don't know when you came to Washington, but I went there in 1983, but before that I was serving as commissioner of the port authority, and one of the more costly proposals that we had to examine was the infrastructure around JFK as well as some of the work that's constantly being done at LaGuardia. I mean, to drive there, to have to wait—I have heard stories about people who flew from overseas, and it took longer to get from their homes to Kennedy on busy weekends in years past than it did to fly to London. It was outrageous, with cars stuck with hours of wait sitting in traffic.

The port authority is embarked on revising access roads, parking. We should look at the cost for something like that and then evaluate whether or not the rail link wouldn't have been a much better proposal, that rail link, however, was never a good one. The ride to the train was kind of an empty promise.

So I hope that we don't use that as a point of reference. The thing was never done properly. And even here, in Newark, the airport parking is an abomination. I see people running with their bags perspiration coming out, breathing heavy and when they get to the concourse they try to break in the line as the luggage is being x-rayed because they have been spending their time spinning their wheels getting there. So there are offsets.

NEW START RATINGS

How does the administration rate requests, the new start process?

Mr. DELLIBOVI. As I mentioned in my testimony, the process basically is one of alternatives analysis. It includes four phases. First is what we call systems planning, which is a general look at the alternatives, then there's a more specific look at alternatives. Generally, four alternatives are identified. One of them is called the no-build, do-nothing, a baseline bus case, and then two other alternatives are selected——

Senator LAUTENBERG. Sorry. Just repeat that again.

Mr. DELLIBOVI. First you would have systems planning, which is kind of an overview of the various systems in place and what you might do, then you would select from that overview a number of alternatives——

Senator LAUTENBERG. Who is the "you would select?"

Mr. DELLIBOVI. The local officials would do it. We would provide technical assistance based on experience and, generally, our technical assistance is focusing on analyzing the numbers. How do you measure projected ridership, projected costs? That kind of thing. The process is a locally determined and locally fueled process. The local officials generate the numbers in accordance with generally accepted practices of transportation engineers. This process is usually funded by the Urban Mass Transportation Administration, consultants are hired, people who have had experience in the——

Senator LAUTENBERG. Study phase?

Mr. DELLIBOVI. Yes.

After the alternatives analysis one alternative is generally selected and then the city goes into a preliminary engineering phase in which the costs are more carefully refined; they become more accurate.

Senator LAUTENBERG. How does your department select priorities?

Mr. DELLIBOVI. We look for the most cost effective projects. Ultimately, Senator, in the last several years, all of the new start projects that have been funded projects, have been totally earmarked by the Congress. So it hasn't been a discretionary program in terms of the other programs where I as the Administrator or my predecessor selected the projects. But, as you know, we do have opportunity for input on the Hill and have provided reports under the highway bill which was enacted last year. The process is now mandated and we are asked to provide input to the——

Senator LAUTENBERG. Well, we look to you for the professional advice that you bring, and very skillfully done, reliable. But the earmarking is done at the congressional level and it's helpful to, I think, in New Jersey to have someone who is chairman of the Transportation Subcommittee kind of looking over some of these projects.

NEW START REQUESTS

How many requests do you estimate UMTA is going to receive for new starts for 1989?

Mr. DELLIBOVI. There are now 34 projects that are actually in the pipeline that are in some stage of review, and there's an additional 30 cities bringing the total to 64 that are considering rail starts as part of the earliest portions of systems planning. Because systems planning by nature is an overview, we have no control as to who begins that. We have a number of cities that are in very, very far off systems planning. I would say Phoenix and Tucson fall into that category. Honolulu, interestingly enough, which was on the verge of beginning a system in the early 1980's and then there was a change of city administration, and they backed away, they are now coming back into line. So we may find them back on the line very quickly. They are doing something called conceptual engineering, which is a new stage that has been invented, frankly, for them, because it's right between alternatives analysis and preliminary engineering. This stage was designed to pick up the 6 or 8

years they lost when they stopped moving on a rail line. So they are in this conceptual engineering phase.

Senator LAUTENBERG. It is interesting to me, and frankly it came as a surprise, the number of places that are now looking for a rail link or a people mover. But we are talking about cities that I used to romanticize about, like Salt Lake because I go out there and ski, and in the mountains sometimes in the summertime, they look like the most remote oasis, but no longer. They are in there now looking for a study for rail service because they can't deal with the pollution or congestion. There isn't a city or area in this country that has any opportunity for development, whether recreational, resort business, heavy industry, technology business, that is not looking for some way to move people and goods with facility.

We are coming into a whole new era, that's why I'm concerned when we look at projections and traffic and say, well, we are simply missing, we are simply missing. I know that's true, and I respect the source of that information. But I think we have to look beyond that.

CAPITAL INVESTMENT

JFK, I'm told, is going to be spending a billion and a half dollars. That's not for runways, largely, or terminal facilities. That's for the infrastructure. A billion and a half dollars at one airport. Think of what that does if we could relieve that traffic, if we could have spent the money in upgrading some of the internal systems. That, too, has to be part of the equation, the fact that cities across this country, whether Phoenix, Tucson, retirement, recreational, idyllic places that people run off to then find themselves swamped in traffic and congestion and pollution, so this now has to be part of our equation. You said you had 34 requests, if I remember correctly, plus, perhaps, 30 new ones coming on line.

Mr. DELLIBOVI. That's correct.

Senator LAUTENBERG. Coming on line for 1989 alone. If you had to look out beyond 1989, do you see new start funding increases being requested or new start——

Mr. DELLIBOVI. As you know, the President's budget has requested no moneys for new starts.

Senator LAUTENBERG. Talking on demand side, not on the——

Mr. DELLIBOVI. The demand is going to increase. One of the things that those that have to respond to that demand, all of us in government at the federal level have to keep in mind, is that we should be looking at the transportation benefits primarily. If there are other economic benefits that are great, then those who are gaining because of that economic benefit should contribute toward that.

That is one of the things you have to measure, right here in northern New Jersey—it's a good example. The studies seem to indicate primarily economic developments are going to be obtained from the Hudson River Waterfront proposal, which will move a lot of people. And I certainly respect the power that the chairman of the Transpor-

tation Appropriation Subcommittee has, but I also wonder just how much will be able to come to New Jersey considering the fact that no area has two new starts going at the same time. As a matter of fact, no new area has new start and rail modernization going on in the same area. Those are the difficult decisions that are going to have to be made.

So we believe very strongly, and I'm very encouraged to see the New Jersey Department of Transportation willing to work with us on possible funding alternatives from these corporations that would presumably benefit by the rail line because the demand is going to increase. There's no question.

Senator LAUTENBERG. Do you have a feel for the total dollars that are requested now or that you have in the pipeline for 1989?

Mr. DELLIBOVI. I might be able to supply for the record some numbers. But because of the soft nature of some of the 34, it's very, very difficult to estimate.

Salt Lake City you mentioned, I'm sure they will be looking for more money in 1989, although, they have not yet told us exactly what they want to do with the money they obtained in 1988, which is not to say that they were wrong in obtaining it.

St. Louis is a good example, they have earmarks for several years. I hope I will be able to sign a full funding contract with St. Louis in the very near future. There's an accumulation of the money there.

Miami, another people mover again. It's really hard to project the exact demand.

TRAFFIC PROJECTIONS

Senator LAUTENBERG. Well, let me ask you this: Two things and then we will let you go: Why do you think the projections on traffic for the systems are so far off?

Mr. DELLIBOVI. I believe that the projections are largely driven by an industry that's eager to see these projects built, and I don't mean the operators as much as the engineering and construction firms. Also assumptions are made. It's a difficult business. You are projecting at least 5 years in advance.

My predecessor spent a great deal of time talking about the Miami projections which were made in times when we had gas lines all over the place, people were only getting gas using the odd, even system. You can remember that period of time. The assumption was that by the time the Miami system opened, gas would cost $5 a gallon. If gasoline cost $5 a gallon, I have no doubt that Miami's ridership would be greater today than it actually is. Whether it would be 200,000 riders a day rather than the current ridership of 35,000, I'm not sure. But certainly the fact that gasoline is only $1 a gallon today in Miami has an impact.

So when you are making economic assumptions into the future, it's a very risky business. And I think that has a lot to do with it. Also the fact that people move.

The city of my youth when all trips led to downtown, that's where people worked, that's where they went for recreation and entertainment, that was their destination, has changed. People live in the suburbs, as we see here. They often work in the suburbs, they play in the suburbs, they enjoy themselves in the suburbs. Contrary to what transportation planners will tell you, people like it in the suburbs. They stay there. If you ask any teenager where he's going, chances are it's the local mall, not the downtown. Those patterns have not been reflected in the plans that transportation engineers have laid.

Senator LAUTENBERG. I think some of the projections obviously are due to the reasons that you give, but some of them, I think is just a long-term belief that we cannot continue to concrete over America and expect the automobile to carry the passenger load that's required. It's just not possible, again, from the standpoint of the environment and costs. Have you had a chance to look at the report that was put out on the aging infrastructure?

Mr. DELLIBOVI. I have glanced at it. But to me the important thing that jumps out of all these reports, and what I have been preaching as I travel around the country to local officials, is that you cannot implement a transit policy in a vacuum. There are other elements that have affected the failures that I have pointed out, and those elements are parking policies. If you don't want to concrete over your area, then why are you putting parking lots all over? Why are you zoning for parking, why are you giving people incentives to subsidize parking, which we have in so many ways, and no incentive to subsidize transit.

People often point to the transit utilization rate being so much higher in Europe, and that is true. But there are tremendous disincentives to using your own automobile starting with the price of petroleum, registration fees, areas where you can drive your car and parking prices. In my hometown of New York City, people have a tremendous incentive to use mass transit, and that's due to the fact that it costs $28 to park a car all day in Manhattan. But it's still not incentive enough to eliminate the congestion problems. And I'm sure you noted in the media the battle that Mayor Koch has been waging to try and restrict the number of automobiles coming into Manhattan. He's a pretty powerful guy, and he hasn't been successful at it.

So these other factors, I believe local officials need to manage in turn with their appetite for transit.

CONCLUDING REMARKS

Senator LAUTENBERG. One of the reasons that the battle is lost is that there isn't good public transportation available in many of these communities into the city. We are severely hampered in New Jersey because for most of the communities, you have to switch trains, you can't get straight through. I think that's being worked on.

I ask you one closing question in short form: What advice would you give to the people here who are interested in this rail link project so that they can move it along and get as favorable a response as possible?

Mr. DELLIBOVI. I would advise them to do their best to quantify the benefits, and then having quantified the benefits, to seek a participation of the beneficiaries in the financing in a partnership approach, if they want to move forward quickly. They are going to have to rely on not just the public sector but, also, the private sector to make this happen, in my judgment.

Senator LAUTENBERG. Thank you very much, Mr. DelliBovi. Nice to see you.

Mr. DELLIBOVI. Nice to see you, Senator Lautenberg.

NONDEPARTMENTAL WITNESSES

REGIONAL PLAN ASSOCIATION

STATEMENT OF LEONARD LIEBERMAN, BOARD OF DIRECTORS

Senator LAUTENBERG. If Mr. Hughes and Mr. Lieberman will join us, and we will ask the port authority to be patient with us, we are going to hear from them shortly.

Gentlemen, I'm sorry that you had to wait so long. There's a lot of information that one gets at these hearings and we need to find out from all sectors what the problems are, what the opportunities are. We are pleased to have you with us to give the point of view of the business community. And I would first ask Mr. Lieberman to give his testimony, and to say that we welcome you again as an old friend and colleague in the business community. I look forward to your remarks.

Mr. LIEBERMAN. Thank you, Senator. The opportunity to testify on this proposal to build a rail line from the airport to Newark and Elizabeth is very important.

I'm speaking today as a member of the board of directors of the Regional Plan Association and as a businessman who has spent much of my career concerned about the viability of our transportation system. The Regional Plan Association has long advocated the incorporation of our airports with our rail network. There is no better place to do that than here in northern New Jersey, one of the great rail centers in the country.

Thanks to the effort of the New Jersey Department of Transportation, it has been demonstrated that such a rail link would be both feasible and economically viable.

RAIL LINK SUPPORT

RPA's reasons for advocating the rail link are twofold: First, the New Jersey, New York metropolitan area is one of the few major centers in the world that is totally reliant on highway travel to reach its airports. We don't think that bodes well for 21st century competitiveness. European and, indeed, other American cities have or are building reliable rail connections to their airports.

At a time when we have begun to realize that we cannot build enough roads to meet the demand for congestion-free highway travel, we must offer alternative means of getting to our key destinations, such as the airport.

Second, we are most impressed with the economic development impact that transit has been shown to have. In the absence of Tom Stanton, Mayor James was kind enough to refer to him before, in addi-

tion to his role in the bank, is also the New Jersey chairman of Regional Plan Association. I'd like to use his favorite example of the importance of transit, namely the Hudson River Waterfront. It is no accident that the first and most intensive of the so-called gold coast development occurred at the Path stations. The vacant and underutilized land around this airport can similarly bring new jobs and new ratables to Newark and Elizabeth.

We recognize that for the rail line to be built, we will need a coordinated effort, probably unprecedented in the history of this area. The Department of Transportation study laid out several next steps where we will have to work together in new ways. From those I want to emphasize two points that I believe are key: We will need the full cooperation of the port authority, teamwork is essential to assure rail line customers a simple and quick transfer from the corridor line to the airport circulator. We need to plan together so as to gain maximum cost advantages and so as not to cause any undue disruption of airport operations.

And, second, we will need to be innovative in our thinking on how to plan and finance the system. I am convinced that if we use the traditional planning and financing mechanisms, we will not succeed. While the technology we are proposing for the rail line has been tested elsewhere, we will need to devise new institutional arrangements with an early and major role for the private sector. Government and private decisionmakers will need to take different risks than they are accustomed to. We will look to you, in your key role in the Senate, for counsel and assistance on these implementation matters.

Finally, I'd like to end on a slightly more personal note. For the past year and a half I have had the opportunity to serve as a member of the New Jersey State Planning Commission. As you no doubt are aware, our draft preliminary plan calls on the state to encourage urban economic development by redirecting infrastructure spending. By so doing, we hope to preserve sufficient watershed agriculture and recreation lands for our use in the next century while keeping down the state's infrastructure funding deficit.

After reviewing the DOT study, I am convinced that this is the kind of project the state plan envisions. The timing is perfect. Let us commit now to making this rail line the demonstration of the best use of joining private and public resources to revitalize our urban centers.

The history of the United States shows enormous impacts over time growing out of transportation developments. In effect, the entire West was opened up because of rail line developments that in those days were fostered very directly by the federal government. More recently, we have not thought it was unusual to use public resources to open up vast areas of land to development by putting in new and bigger highways. This project asks us only to have a similar vision for the cities of Newark and Elizabeth. Thank you.

Senator LAUTENBERG. Thank you very much, Leonard. We would like to hear now from you, Mr. Hughes.

STATEMENT OF DAVID J. HUGHES, SENIOR VICE PRESIDENT

Mr. HUGHES. Thank you, Senator. For the record, my name is David J. Hughes. I'm the corporate secretary of Constellation Bank or Bank Holding Co. headquartered in Elizabeth, and it's the parent of the National State Bank, which is a 175-year-old national bank headquartered, also, in Elizabeth. In addition to that, I'm also the chairman and I'm speaking today as the chairman of Elizabeth Development Co., which is the city of Elizabeth's local economic development corporation. I'm delighted and pleased to appear before you today to endorse the early implementation of the proposed transit link connecting midtown Elizabeth with Newark International Airport and downtown Newark. It is, as Mayor Dunn said earlier, an idea whose time has come, I believe, and your support is essential.

GROWTH CONNECTION

This project is called "The Growth Connection," for a good reason. Nearly 2 years ago Elizabeth Development Co. joined with civic and business leaders throughout Union, Essex, and Hudson Counties to create a coalition known as that name, The Growth Connection. It was then clear to us and it is abundantly clear now to others besides us, that dependable quality transportation will be a key to continued growth and progress of two of our state's largest cities. That transportation and economic development must proceed in tandem, because in our view, the two are interdependent, ease of movement of both people and products is a critical factor considered by companies and developers considering new capital investment.

Job creation is dependent on new capital, thus efficient, effective transit is a keystone to future economic expansion in our cities and in the region. The direct link between transit and economic development. For those of us in the business community, moreover, the effective transportation must be in place for us to have access to our customers and our employees and for our customers and employees to have access to us.

You have already heard of some of the benefits this proposed transit link could bring to the region. I do not believe we can overemphasize the critical importance of the estimated benefits derived from the recently completed feasibility study performed by the Department of Transportation in the state of New Jersey.

About 40,000 daily riders per day would utilize such a transportation system, reducing the traffic congestion on our roads and highways. Approximately something on the order of $2 billion in new investment could be created by the transit link, investment which our region would certainly benefit from. Something on the order of over 80,000 new job opportunities could occur as a result of the transit link, job opportunities that must occur for our residents and for our regional economy to expand.

As I noted earlier, the time to implement the transit link is right now so that we can take advantage of these opportunities. It is most important, however, that we effectively plan now to take full advantage.

I can only predict one thing with absolute certainty, that is that the cost of this undertaking of this project can only move in one direction from now and that will be to go up and be more expensive. Those costs are not only measured in hard dollar construction costs, but also measured in lost regional opportunity. The unbuilt manufacturing plant, the unbuilt warehouse, the uncreated job. Those have a cost which is not normally calculated.

NECESSARY STEPS

There are, I believe, some key steps which need to be taken now. First, this project requires the explicit endorsement and commitment of all the key players in order that a true regional consensus can be reached. These players must include state and local government, the two cities, of course, the Port Authority of New York and New Jersey and the federal government. Add to this the involvement, the critical involvement, at the earliest possible time of the private sector. I believe the phrase, "public private partnership," has application here. In this case, we have a superb opportunity to actually create a true partnership between the public and private sectors and apply it to the planning, financing, construction, and procurement of this transit system.

Second, we should plan now to capture the new investment values that will be created by the transit link, these values can be a key component to the financing of the overall project; third, we must be prepared to seek innovation and creativity in our efforts, and we should not rely upon the existing ways of doing business, if those ways are obstacles. We should not be afraid of innovative financing strategies or creative institutional structures which might speed us toward our goal; four, we need to work with the Urban Mass Transit Administration at the earliest possible time.

It is my understanding that UMTA has long wished to increase private sector participation in providing public transit services on a competitive basis. If I heard Mr. DelliBovi this morning correctly, I think he confirmed that.

We will most assuredly require his help and the help of his friends at UMTA, but I believe and submit that we have here a project that has a major goal. The financial support primarily from beneficiaries of the service; five, we must move cooperatively in the area of land use planning to make sure transit and economic development move in a coordinated fashion.

Senator, finally we need your help and encouragement. This transit link project, The Growth Connection, presents and represents a superb opportunity. Your commitment and assistance, along with others, is essential to our realization of the opportunity.

That concludes my formal remarks, Senator.

Senator LAUTENBERG. Thank you very much, Mr. Hughes. I think all of us throughout this hearing feel a certain despair, if you would, over

the recent loss of our esteemed colleague in the Congress, Jim Howard. Jim was chairman of the Public Works and Transportation Committee of the House. He was a powerful influence in terms of getting funding for infrastructure development throughout this country. Yes; he took good care of his district and New Jersey, absolutely. It was his obligation. At the same time, he recognized that unless we get on with these projects, you are indicating you feel the same way, there is only one way this cost is going to go with these things, that is up. So we do have to get on with it, and I am pledged to support this and other transportation projects for our state and our communities.

TOTAL PICTURE

It's absolutely unrealistic to believe that the federal government can ignore its responsibilities in that role in terms of pollution control, the environmental cleanup, all those things are affected. We can't do it here when winds blow from our west created by mobile sources, automobile traffic, you name it, diesel engines, et cetera, and blow our way no matter how hard we work. So it's a national interest that has to be served and it's necessary for the development of our society and our economy into the next century when things will be more complicated and numbers greater, opportunities less, perhaps, because competition is more fierce. That's the way things are going to be. And this isn't just a casual thing, and I'm glad to see a discussion involved that includes the private sector, because the private sector has an enormous stake. And in our country the private sector over the years has learned it must become part of the community in a broader sense. You knew that in your former CEO days, I knew it in mine, and I'm sure you recognize that.

PRIVATE SECTOR SHARING

I'd like to ask this, the Gannett/Fleming Consulting Group proposes that about $180 to $210 million of construction cost, estimated at about $280 million now, might be borne by private developers who would also eventually operate this system. I think that's realistic. Have you had enough chance, either of you, to think about that, about who might invest in such projects? I'm not talking about specific names, I'm not talking about Prudential, big companies or Supermarket General. I'm just saying, generically, what kinds of people might invest in a project like this?

Mr. LIEBERMAN. Senator, this is a subset of a very broad evolving issue that certainly comes up as we are considering the issues of state planning in general. And one of the trends that has been playing throughout the United States is the trend of charging, in effect, the real estate development that clearly benefits from the transportation development for some of those benefits. And I'm not sure I can do a total rundown on what the experience has been in the state at large, but I am aware of many commercial and industrial developments in Hudson County and in Mercer County where significant pieces of access were needed and were backcharged to the developer. In other words, I think

the conception has become part of the development community's way of looking at things to recognize that there was responsibility not merely for the cost directly incurred on the plot that they are developing.

I have no basis on which to be able to assist the magnitudes, but I certainly am prepared to say that experience would suggest that the general proposition is one that is not outrageous in terms of how people are thinking about these things today.

Mr. HUGHES. The second comment I made among the key steps addresses that, capture of new investment. Investment value.

Senator LAUTENBERG. You said $2 billion.

Mr. HUGHES. No; the $2 billion had to do with the potential.

Senator LAUTENBERG. Yes; the potential investment.

Mr. HUGHES. Potential new investment speaking of the key steps, where we speak of capturing new investment values. Somehow looking to the enhanced value of the real estate of the direct beneficiaries of the creation of this transit link for some benefit to backcharge the cost of its creation. How that's structured is open for discussion.

BUDGET PRIORITIES

Senator LAUTENBERG. What I'm afraid of is that if we don't have some direct indication that the private sector is interested enough to kind of belly up to the bar, it's going to be very tough to make the case. You know what the President says. I mean, when the President speaks through the OMB, the budget office, and he says, as far as he's concerned, Amtrak isn't necessary and mass transit, let's throw them a bone. Now, transit is $3 billion a year worth of operating systems and capital. He says, let's cut it down to $1 billion and argue over it, and I don't care how you distribute it that is, essentially, what he's saying. They don't mind spending $25 billion a year on agriculture subsidy to help farm families in the agricultural states, but industrial states desperately need the help. There's a terrific imbalance, but that's where we are I am fighting this battle every day.

I also sit on the budget where the priorities initially are assigned, and we are all pulling at one another because the people who have responsibility for energy independence for the country, the people who are responsible for the educational needs, for the health needs, we are all pulling at this pie and winding up, in many cases, with crumbs instead of good solid chunks. And it's a tough battle when we hear people in the region say, all these people go down to Washington and spend money. Well, look at what we spend it on and see whether it's necessary. I'm not advocating more government spending. I'm advocating better government spending. It's essential for us to have a better transportation system to accommodate this, the most densely populated state in the country and the densely populated region in the country. It's necessary to maintain itself because its systems are old, antiquated, tired, worn out, and inefficient in terms of what we need to move things.

Private sector participation is really essential. Essential not only from direct investment but from the kind of pressure that people in the private sector can put on. To say, hey, we demand a fair share, we demand our communities and our state and our region gets the kind of support in Washington that it should get.

Often, there's a large commercial development in and around the transit stations. Do you think private developers would be more willing to donate hard cash for construction as opposed to backcharging—I'm worried about the backcharging concept. I respect your role in the regional plan and from the financial community, but somehow or other this project has to get started. Because once it's done, people often throw up their hands and say, well, we didn't want that in the first place.

Mr. HUGHES. I would suggest to you, Senator, that the answer is yes. You asked Mr. Lapolla earlier whether there was any tangible development being linked to transit in Elizabeth or in Union County. Well, the answer is yes. We have on the drawing boards right now a project we call Station Park Project. In terms of magnitude, it's in the tens of millions dollars, $40, $60, $70 million, depending on how large an area you cover. There are developers very anxiously interested in our project. And it is directly linked to transit. It sits astride the proposed terminus of the rail link we are speaking of this morning and the main line north and south of Amtrak and Conrail. It is absolutely tangible evidence that developers are interested in economic development linked to efficient, effective mass transit. I think that we can look in other cities elsewhere in the nation for similar direct evidence of the interest, and interest evidenced in the most tangible way, cash, putting their dollars where their mouths are. And I am confident that the answer to your question is yes.

Senator LAUTENBERG. Well, I hope so. We thank you both for your valuable testimony and for your participation, for your patience. Anything that you have by way of additional information that wasn't discussed today that you would like to submit for the record, please do. We will be holding the committee record open for a couple of weeks, so thank you.

We welcome Mr. Aronson of the Port Authority of New York and New Jersey, who is the director of the Aviation Department. Is that the right title, Bob?

Mr. ARONSON. Yes, sir.

Senator LAUTENBERG. We welcome you. We thank you for being here with us. We are interested in your testimony and look forward to exchanging a few questions. Please, go ahead.

PORT AUTHORITY OF NEW YORK AND NEW JERSEY

STATEMENT OF ROBERT ARONSON, DIRECTOR, AVIATION DEPARTMENT

ACCOMPANIED BY STEVE CARLSON, ASSISTANT

Mr. ARONSON. Thank you very much, Mr. Chairman, and welcome to your favorite airport, we hope.

Senator LAUTENBERG. It is.

Mr. ARONSON. I'm Robert J. Aronson, the director for Port Authority of New York and New Jersey. Accompanying me is Steve Carlson who has been the senior manager of most of our airport access studies and programs in recent years.

I am very pleased to have this opportunity to update you on the airport access studies that the port authority has done and participated in, including the recent part of the transportation studies. What we have learned from those studies about how our customers get to Newark International Airport and how these various pieces relate to the redevelopment plans for the Newark Airport.

PASSENGER MARKETS

In 1985 and 1986, a comprehensive review was conducted about passenger markets and the various alternatives these customers used for access to our three airports. The analysis revealed that more than two-thirds of the passengers using Newark Airport began their trips in the largely suburban counties in the northern half of New Jersey. Fourteen percent came from Manhattan, 20 percent from other parts of the region and outside the metropolitan area.

It further showed that these customers overwhelmingly used the private automobile as their primary means getting to the airport. Some 70 to 80 percent of the customers surveyed used their private automobile for their trip to the airport. Of these, 4 out of 10 parked and 6 out of 10 were dropped off. Other modes of access included 13 percent of the customers, largely from Manhattan, who used the bus.

In contrast to the customers from Manhattan, the large base of suburban customers have few, if any, alternatives to the private auto.

As a result of that analysis, we concluded that satellite airport ground transportation terminals located in suburban areas offered the most significant potential for reducing the reliance on the private automobile. Satellite terminals would be facilities sited at some distance from the airport where customers could park their cars in secure lots and be dropped off and continue their trips on frequently scheduled bus or van service. These terminals would provide ticket counters, waiting areas and restrooms and other passenger amenities.

Follow-on study funded by Urban Mass Transportation Administration was conducted by the port authority to examine several specific access alternatives for Newark Airport. Including commuter rail access, a people-mover alternative, a light rail connection, remote parking near the airport and transfer with the Northeast corridor at McClellan Street or the Waverly Yards and a network of satellite facilities throughout

northern New Jersey. That analysis confirmed our earlier conclusion that a network of satellite terminals in suburban locations was the most effective way to improve access for air passengers to Newark Airport and shift people out of their private automobiles.

PORT AUTHORITY DEVELOPMENT

I'm pleased to report that the first of these facilities should be operational this spring in Bergen County. Our plans include the development of similar facilities in as many as six locations through the northern half of the state Similar facilities have been successful in Atlanta, Los Angeles, San Francisco, Dallas, Boston, Phoenix, and in the Connecticut portion of our region. In fact, the Connecticut experience has shown that satellite facilities are very attractive to suburban travelers. The facilities operated by Connecticut limousine captured nearly half the entire market from Connecticut.

The 1987 New Jersey Department of Transportation study built upon the findings of the port authority's UMTA-funded study, but the focus of the New Jersey DOT study was primarily on the role that a transit system in the corridor between Newark and Elizabeth would play in terms of promoting development in the corridor. The study's consultants have concluded that an aggressive public sector program, land use planning, site assemble, infrastructure development, tax abatements and other development incentives, together with the transit service in development corridor can produce some positive development benefits.

Although the transit connections examined by the New Jersey Department of Transportation study attract only about half as many air passengers as the network of satellite terminals can achieve, these two markets are complimentary, rather than competitive, and therefore, the ridership would be additional to that generated by the satellite terminals.

Patronage on the service examined by New Jersey's DOT consultants would total approximately 39,000 total riders every day. Of these riders, it's estimated that about 9 percent would be air passengers and another 7 percent would be airport employees. The remainder of the daily trips were about 84 percent would be made to other existing and new developments in the corridor.

Further, the DOT's consultant concluded that the most effective way to serve the airport is by a high quality across-the-platform transfer between the corridor transit service and the airport's internal transportation systems.

The port authority has announced, as I know you are aware, plans for the redevelopment of Newark Airport that will ensure that this facility can continue to meet the needs of air travelers through the end of the century and beyond. Currently parking facilities on airport roads and terminal frontage operate beyond their design capacity with increasing frequency. The redevelopment program would be undertaken to address these capacity problems. We estimate that Newark Airport will be accommodating as many as 45 million air travelers a year by the late 1990's, up from about 24 million presently.

ON-SITE PEOPLE MOVER

An important component of that comprehensive redevelopment plan involves the construction of an on-airport people mover system to provide for the intra-airport circulation transportation needs for our customers. That people mover system would provide frequent shuttle services perhaps every 1½ minutes, to various areas of the airports. People mover vehicles would have ample space for passengers with luggage and conserve as many as eight airport stations. The people mover will also have the added benefit of providing passenger access to the airport terminals during periods when roadway construction inhibits the use of roadway in terminal frontages.

Over the course of the the past several months we have shared with DOT and its consultants both the requirements of the on-airport people mover system and the data and knowledge we have gained from earlier transit access studies in this corridor. We will continue to cooperate fully with New Jersey DOT as they undertake the next steps in this effort.

In March 1987 Governor Kean and Governor Cuomo sent a letter to the port authority board of commissioners endorsing our 5-year capital plan. That letter also requested that we set aside $60 million in our capital program for a linkage between the airport people mover and the corridor transit system being evaluated by New Jersey DOT. That $60 million commitment grew out of earlier airport access studies which focused on the utility of an airport link with the Northeast corridor service at either McClellan Street or Waverly Yards, both of which are adjacent to the airport.

As DOT moves forward with the next steps of the Newark Elizabeth transit corridor study, we will be working with them to determine the most effective alignment for the corridor service as it relates to the New York International Airport and to determine with them how and where the port authority's $60 million commitment can be most effectively fulfilled in the context of the linkage between these two systems.

Mr. Chairman, I thank you very much for this opportunity to appear before you today. I hope the information presented has been useful and will be in your ongoing deliberations and we look forward to having opportunities in the future to update you on these various programs.

AIRPORT INVESTMENT

Senator LAUTENBERG. Thank you very much, Mr. Aronson. I'm pleased to note that you are on the witness list. You have an intimate knowledge of the problems and the opportunities that we have with our airports throughout this region, and I don't know whether you were here when I asked the question about how much was going to be devoted to the development around JFK, by way of example, roadways, parking, et cetera, and the access, because I remember my days as commissioner over there, we had more problems outside the airport than we had inside, using your expressions one part for aviation, the other part for getting to and from. And I was told that a billion and a half

dollars was going to be part of the investment in JFK, not simply the access, but the whole upgrading in the airport.

Mr. ARONSON. That would be the on-airport portion. There really are no fixed numbers for off-airport at JFK——

Senator LAUTENBERG. But on the airport feeding, such as roadways, parking?

Mr. ARONSON. People movers.

Senator LAUTENBERG. Does that include the runway kind of thing?

Mr. ARONSON. It's a relatively small portion of the total. We have a $100 million program to increase aeronautical capacity, basically maximize, and everything we can do.

But I might add that the billion and a half dollars for the on-airport facilities at Kennedy is essentially a 5-year number, it represents what we think we can accomplish in the next 5 years. The amount will be approximately double that when the total program is finished over a 10-year period, and the comparable numbers for Newark are also in the multibillion-dollar range in the same period.

Senator LAUTENBERG. Now, is it for parking and roadway access?

Mr. ARONSON. People mover system, parking structures and major increases in the on-airport roadways.

ON- AND OFF-SITE CONSIDERATIONS

Senator LAUTENBERG. Let me ask you this: Here we are planning for ways to invite, encourage more automobile traffic. On the other hand, you are aware, I think, of the fact that we are fighting enormous air pollution problems, traffic congestion. What are you going to do, make it easier to get here from Routes 1 and 9, Jersey Turnpike, Route 78, Route 22? I mean, what do we do now. Route 78 is already congested, and the turnpike, everybody knows about—Routes 1 and 9.

Why do we make the end of the trip so much more inviting to invest in than making the whole trip an easier and more convenient one?

I wish that we could get the genius that exists in the port authority, and I'm not flattering you, Bob, but there's a lot of talent over there, and we need to look at ways of handling luggage in a more convenient way, so that the passenger doesn't have to—Al DelliBovi used the expression, schlepp, with luggage all over the place. That's a darn nuisance. In my view, it's the most inhibiting thing for people, especially those who are on overnight trips. If there is a way to move that luggage along with the same kind of dispatch you move a body along, I think we accomplish a heck of a lot. I would hope the port authority becomes engaged in those things instead of only saying, bigger parking lots, easier to get to. Those costs are going to have to be recovered and it invites the problem that's been ongoing.

ON-SITE PEOPLE MOVER

Where is the $60 million going to be spent? Is that to be part of the people mover that's on site here at the airport? That $60 million, as I read your testimony, is available for things outside?

Mr. ARONSON. Yes; the intention was for the linkage because the on-airport system is approximately a $200 million project.

Senator LAUTENBERG. Total airport.

Mr. ARONSON. So these funds were reserved in the capital program approved by the two governors to make sure the two systems worked together.

Senator LAUTENBERG. Have you got any firm ideas on what that on-site people mover would look like? Is it a monorail? Or is it some kind of a rubber roadway that goes along, golf cart fashion?

Mr. ARONSON. It would be quite similar to the systems that are in use at a number of other airports in the country. Examples being Tampa, Atlanta, Seattle, Miami. It probably will be rubber-tired. And it's important to point out, and I'm sure you recall, that when these three new terminals were originally built, completed in the early 1970's, provision was actually made on the upper level to run such a system, and that is the right of way that will be used. We are very fortunate that we have that in place, that will allow us to complete the project a lot sooner than if we had to start from scratch, and it represents an investment made in 1970 that we can now use.

Senator LAUTENBERG. How long do you think it might take you to coordinate the on-site plans with anything that is being done off site? Because, obviously, it's critical that we don't dump someone out on Routes 1 and 9 and say, OK, all you have is a short distance past three hotels and a couple of high-speed roadways to get to the terminal. It, obviously, has to link in such a way we can tell people to go from A to B or C. How close is the interface between that, the design and development of a link outside, with your potential development internally?

Mr. ARONSON. Well, it's very close. As I mentioned, we have been working as an integral part with the New Jersey DOT study effort and we expect to continue that sort of a relationship.

What we are really locked into is the routing of the people mover system on-airport connecting the three terminals. If you just envision the way the terminals are laid out, the right of way is obvious. The line would extend at least a short distance beyond the terminals on each end into the long term parking lots. We are totally flexible as to where it goes beyond there, and we will retain that flexibility in working with DOT to make sure the two systems mesh.

Senator LAUTENBERG. You are not going to be finalizing your on-site plans before you have some notion of where the off site——

Mr. ARONSON. Only in the interterminal area where it wouldn't impact. At the ends, we will keep the flexibility.

Senator LAUTENBERG. When is the port authority likely to start construction of its on-site?

Mr. ARONSON. Certainly in the next 2 years. We certainly hope to accelerate that. We are now talking to system vendors to find out their capabilities.

Senator LAUTENBERG. How long to complete?

Mr. ARONSON. About 2 years from the time started.
Senator LAUTENBERG. So you are saying 4 years?
Mr. ARONSON. Four years maximum. We are hoping to beat that.

NEWARK AIRPORT EMPLOYEES

Senator LAUTENBERG. I'm curious about a couple of other things. Do you know how many airport employees come from the two cities that we represent here, Newark and Elizabeth? How many employees come to Newark Airport from Newark, how many come from Elizabeth, do you have any idea?

Mr. ARONSON. Steve may have some specific numbers. I mentioned the total percentage using the system as it's been projected in the study would be 7 percent of the total patronage of the transit link between the two cities would be airport employees. So they would be, by definition, coming from Newark or Elizabeth or points which have good transportation access.

Mr. CARLSON. I don't have any specific figures on employees residing in Newark and Elizabeth, but the figures I remember are that Union, Essex, and Hudson Counties, other residences of most of the employees or large proportion of the employees that work at the airport, and they would be able to make connections obviously through Newark or Elizabeth to the airport.

Senator LAUTENBERG. Discounted parking for employees?

Mr. ARONSON. Employees have low-cost parking at the airport. It's an obligation for their employers to provide. The employers rent the lot and they operate it for their employees. It's really covering a lot of the union agreements between the airlines and their employees.

Mr. CARLSON. I was just given a statistic on employment. We have 14,400 total employees on the airport, half of whom——

Senator LAUTENBERG. That includes airline employees, port authority employees?

Mr. CARLSON. Tenant employees as well as port authority employees. Half of them come from Essex and Union Counties.

Senator LAUTENBERG. We don't know how people get here. That's an easy survey for you.

Mr. ARONSON. We have the data. We can supply for the record whatever you like.

[The information follows:]

Based on our annual census of airport employment there were 7,533 ground employees on the payroll for all people working on Newark Airport in 1986. Based on our latest residence and transportation mode information (from a 1978 survey) 21 percent of them lived in the city of Newark (about 1,600 in 1986) and 10 percent in Elizabeth (about 750 in 1986). This survey in 1978 also revealed that 90 percent of all the employees used auto to commute. Although we don't have the mode choices for only those living in Newark or Elizabeth the information indicates that at least 85 percent of them used auto: the rest, bus.

Senator LAUTENBERG. I would have to say that I'm surprised, almost astounded by the low number of people projected to use the airport that might be using this off-site system, but I think you said that 14 percent would be employees.

Mr. ARONSON. Nine percent passengers and 7 percent employees.

Senator LAUTENBERG. And the remainder 80-some percent, where are they going, just riding back and forth?

Mr. ARONSON. Dispersed all over the suburban communities of this state and outside the state. They don't really have centralized transportation readily available to them. That's what we are getting at with the satellite terminals which are an integral part of strategy to get people out of their cars.

Senator LAUTENBERG. So, 84 percent would be made to use existing transit or their cars out of the 39,000 daily? That would suggest that this becomes an important commuter-type line, if I'm not mistaken.

Mr. CARLSON. Clearly, I think one of the primary purposes of the transit link between Newark and Elizabeth is to serve that commuter-type of a market. One reason why the number of people coming to the airport who are airport employees is only 7 percent is that because a great deal of employment opportunity is outside the central terminal area which is the area that would be served by the people-mover connection to move a lot and also the cargo areas and elsewhere around the airport which would be a lot less convenient to reach by public transportation.

AIRPORT ACCESS

Senator LAUTENBERG. Look for a moment at LaGuardia Airport, even Kennedy, but LaGuardia in particular, that's a nearby airport, the one with shorter hauls and so forth. Would there be a value to relieving the congestion at LaGuardia by making it convenient with a Path ride over to either downtown or midtown or the Pennsylvania Railroad connection, to a rail-type link out here. Might that give us some relief of the congestion at LaGuardia Airport? And 14 percent of the people now, I think you said come from Manhattan as it is. When you talk about these reliever stations out there, it sounds good, but buses get stuck in that congestion as well. I mean, even though there are bus lanes through the Lincoln Tunnel, it's still part of the congestion that develops in the morning and evening. Do you think we could get any relief out at LaGuardia as a result of having an airport which is a terrific, great, fine, beautiful, stunning airport and is more competitive in terms of access?

Mr. ARONSON. I think there would be some relief. We are finding a lot of the passengers you are talking about using New Jersey Transit, route 300 express service from port authority bus terminal to the airport. When the activity, numbered flights and passengers, picked up dramatically in the early 1980's, it facilitated New Jersey Transit putting in the best airport bus service anywhere in the country in terms of frequency and quality. That drew the passengers in very large numbers. How much more can be drained out of Manhattan, I'm really not sure. I don't think a large number, but there are undoubtdely some who would be attracted to rail.

Even today those people can get to Penn Station Newark via the Northeast corridor trains out of Penn Station, Manhattan, or via Path

and connect to the air link service. Air link has been very much upgraded since the time you were a port authority commissioner, New Jersey Transit has taken that over and done a wonderful job with that.

Mr. CARLSON. There is also another express bus service from lower Manhattan, World Trade Center, that operates nonstop express to Newark Airport which does quite well.

Mr. ARONSON. Very successful, yes.

Senator LAUTENBERG. Somehow or other it seems that if we had an independent rail service the airport might even be more attractive.

We thank you very much for being with us and for giving of your time and, again, the record will be open for 2 weeks, so if there's anything else you would like to submit, please do so. We would invite your support. The one thing that everybody knows is that the port authority is a major player in the transportation development in this region and as well as a participant in many ways, the economic developer.

I would have to say to you, Mr. Aronson, though I know the decisions aren't yours, wherever we can get help from the port authority and help in directing people toward the mass transit system, it would be really a good thing to do, because the port authority and other major government or quasi-government institutions are going to have to help us wrestle with the pollution problem, the congestion problem, et cetera. We are going to have to move people more efficiently than we have been. I think the measures you talk about are excellent as part of total transportation effort, but we have to have balance like the rail link.

Commissioner Gluck, we invite you.

We are pleased to have before the committee, Commissioner Gluck of the New Jersey Department of Transportation, also a commissioner of the port authority, and we look forward to your testimony and your views on what value or lack thereof might ensue from the rail link.

NEW JERSEY DEPARTMENT OF TRANSPORTATION

STATEMENT OF HAZEL GLUCK, COMMISSIONER

ACCOMPANIED BY JAMES A. CRAWFORD, ASSISTANT COMMISSIONER

Ms. GLUCK. Thank you, Senator. I appreciate the opportunity, next time you treat.

As you are aware, the port authority originally looked at this issue and determined there wasn't sufficient jurisdiction for this system. After review with local officials, Governor Kean and I had determined the port authority missed one key point, prospective urban redevelopment that could be encouraged by such a system. Based upon this, we directed that a study of the economic viability of a guideway system be initiated.

PLANNING GRANT STUDY

The Department of Transportation has just completed that analysis funded with UMTA planning grant which investigated the viability of initiating a new transit service on a fixed guideway alignment connect-

ing Newark and Elizabeth with the Newark International Airport and points in between.

The focus of this investigation extended beyond an assessment of the ability of a transit system to capture an adequate share of the future travel demands in the corridor to look at the overall cost effectiveness of a guideway. It included an analysis of the payback which major transit investment in the study corridor might generate in terms of economic growth and the synergism between such growth ridership and cost effectiveness of the new system. Let me stop. This is one of my assistant commissioners, Jim Crawford.

Senator LAUTENBERG. I thought he was a security guard.

Ms. GLUCK. No way.

Senator LAUTENBERG. Nice to see you.

Ms. GLUCK. Finally, it looks like that opportunity to capitalize on that synergism by harassing—harnessing both the private and public resources to advance the recommended transit option. You can use that either way.

Senator LAUTENBERG. We could use bigger type, Hazel. That's what I think we could use, for you and for me.

Ms. GLUCK. The study concluded that when coupled with transit support of local land use planning and development programs, significant economic development benefits could be realized from an investment in a fixed guideway transit system linking the downtowns of Newark and Elizabeth via Newark International Airport. The corridor share of the 11-county North Jersey regional growth to 1995 could increase from 6 percent to 15 percent, potentially generating 28,700 jobs in Newark and Elizabeth. An automated guideway transit concept, often referred to as AGT system, appears to offer the most cost effective concept for a new service to existing and future employment centers into the airport.

The AGT's system could attract some 39,000 riders per day, a level of ridership generating adequate farebox revenues to cover the estimated operating and costs.

We kind of differ on the ridership with the port authority because they looked at this originally as ridership to the airport. We looked at it as ridership to the airport as well as what it would mean in economic development in Elizabeth and Newark and ridership within that economic development as well. If there's new housing which we think would come within economic development, they may use this system to get other places other than the airport. They may use it to get to Hoboken, the waterfront, whatever, to jobs.

An AGT system is the entire 8-mile corridor from Newark's Broad Street Station M&E line, to the Midtown Station on the Northeast corridor in Elizabeth is estimated to cost 280 million in 1987 dollars to design and construct, excluding right-of-way. The study investigated four transit technologies, commuter rail, heavy rail, such as Path, light rail transit such as the Newark subway, and automated guideway transit. The study four analyzed several locational options of the corridor alignments. It assumed a connection with the on-airport passenger dis-

tribution system being developed by the Port Authority of New York and New Jersey and the Newark 2,000 project through either a system integration or an across platform transfer station. The estimated capital operating and maintenance cost of each option we have talked to the port authority about the cross platform transfer. We also, interestingly enough, have talked with Steve Berger or he has commented to me about the thing you were talking about, that is luggage. Maybe the possibility of having someone ride this system to the transfer station and when they have to close the platform, finding a way to check their luggage in at that point, taking to the carrier that they were going to board and ride the rest of the way instead of having to drag their luggage.

BENEFITS OF THE RAIL LINK

The study assessed the impact the guideway options could have in enhancing the development potential of the 27 corridor sites. Also included the opportunity to public/private cost sharing and implementing such a system. Potential local benefits generated by the automated system in the corridor could be substantial. Such as, annual property and wage taxes, parking fees of $42 million by 1995. Total incremental property values of $492 million and developer parking cost savings of $77 million.

These benefits suggest financing and ownership model which incorporates private capital investment, vehicle leasing and system design, construction and operation and public capital investment, farebox guarantees, franchise award, collection of interlocal payments and payment of services to the private operator. The total annual cost to cover operating and maintenance cost debt service payment is estimated at $45 million. Farebox and other operating revenues at current levels of transit fares in New Jersey meet the operating and maintenance cost, leaving an annual need for $34 million in today's money to retire the capital debt. This annual requirement could be reduced significantly by upfront private contributions and public grants toward the capital cost. The information available shows the automatic highway transit option as the most cost effective. Such a system could support the projected economic development of the urban corridors and substantial opportunity for joint public/private redevelopment and cost-sharing. I must stress the importance of the economic redevelopment of these urban centers in our review. They could be the tipping factor in encouraging us to take further steps in evaluating the AGT proposal.

We are now considering our options for best advancing the recommended automated guideway option. We have identified several areas of additional work which must be completed before we can commit to this project. These include: Project development, define alignment and station locations, identify right-of-way needs and costs, specify service requirements. Environmental assessment to identify environment impacts both positive and negative, including appropriate mitigation measures. Ownership financing plan, identify institutional roles and relationship, technology selection and franchising process and secure public and private funds.

At the federal level it is critical that public/private tax incentives be institutionalized for transit capital programs. This would be a significant step toward developing a true private/public partnership for transit capital programs. The Newark Elizabeth NIA transit link presents a unique opportunity for private/public coventure. Significant increase in local jobs and development intensity and developing increase in local property and wage taxes presents sufficient local public/private economic benefits to warrant a public/private financing approach. Without federal tax support, this proposal could lose private interest and reduce its overall liability.

PARTNERSHIP WITH CONGRESS

Congress should also recognize the important role private industry plays in determining private travel patterns. Initiatives to increase the diminishing fringe benefits such as those now before Congress would also be a significant step toward promoting private transportation.

I think it's like $15 a month now subsidized for public transportation. Whereas, if I'm not mistaken, the IRS laws allow for companies to build parking spaces, have their employees drive one in a car as a perk, give them a place to park and they get a much larger subsidy for private parking automobile use than they do for transit.

New Jersey Transportation needs have been documented to far exceed the funds available. Any federal funding for this project which would reduce funding to other transit capital projects would not be desirable. Specifically, Senator, I think about New Jersey Transit and their new initiatives program. The UMTA pot is only so big and unless—and in these times I don't think anybody can guarantee bearing gifts from Washington of sums of money that are beyond what we would normally have as our share of the pot in UMTA funds. We would then be taking those UMTA funds and spreading them out across several projects not doing any one of them, I think, any particular good. I would not like to see the money, which is our share of the pot, taken away from the New Jersey Transit and their new initiative programs.

At the local level we recognize the importance of and encourage the formation and implementation of strong land use planning, restrictive parking policies and economic development, marketing and incentive programs. Absent this local effort, this is crucial, the corridor development, which in large parts underpins the transit system, will not materialize. If we don't have good planning, if the municipalities involved are not willing to get into this and do the proper land use planning, it won't be worth having the AGT.

These efforts will enable an implementation decision which is cognizant of the various technology and private/public joint venture opportunities which the Newark Elizabeth corridor can offer.

As you can see, the proposed Newark Elizabeth NIA transit link has the potential to increase significantly the level of development in the corridor. Investment in the transit link will likely result in intensive office and hotel development which will produce significantly more jobs

and corresponding transit ridership than the warehousing and distribution facilities currently being discussed by developer within the corridor. Additionally, 28,000 jobs in the corridor are possible by 1995 with a long-term potential for the number to grow to almost 54,000.

I thank you for the opportunity to inform you about this important opportunity to encourage growth in Newark and Elizabeth while improving transit service for both workers in these cities and for air passengers utilizing Newark International Airport. Thank you, Senator.

[The statement follows:]

STATEMENT OF HAZEL FRANK GLUCK

Senator Lautenberg. Thank you for the opportunity to speak on the prospective new transit service in the Newark/Elizabeth corridor. As you are aware the Port Authority originally looked at this issue and determined there wasn't sufficient jurisdiction for this system. After review with local officials. Governor Kean and I determined that the Port Authority had missed one key point - the prospective urban redevelopment that could be encouraged by such a system. Based upon this we directed that a study of the economic viability of a guideway system be initiated.

The Department of Transportation has just completed that analysis, funded with an UMTA planning grant, which investigated the viability of initiating a new transit service on a fixed guideway alignment connecting Newark and Elizabeth with Newark International Airport and points in between. The focus of this investigation extended beyond an assessment of the ability of a transit system to capture an adequate share of future travel demand in the corridor to look at the overall cost-effectivness of a guideway. It included an analysis of the payback which a major transit investment in the study corridor might generate in terms of economic growth and of the synergism between such growth, ridership, and cost-effectiveness of the new system. Finally, it looks at the opportunity to capitalize on that synergism by harnessing both private and public resources to advance the recommended transit option.

STUDY FINDINGS

The study concluded that

When coupled with transit supportive local land use planning and development programs, significant economic development benefits could be realized from an investment in a fixed guideway transit system linking the downtowns of Newark and Elizabeth, via Newark International Airport: the corridor share of the 11 county North Jersey regional growth to 1995 could increase from 6% to 15%,

potentially generating an additional 28,700 jobs in Newark and Elizabeth.

An automated guideway transit concept, often referred to as an AGT system, appears to offer the most cost-effective concept for a new service to existing and future employment centers and to the airport.

The AGT system could attract some 39,000 riders per day, a level of ridership generating adequate farebox revenues to cover the estimated operating and maintenance costs.

An AGT system for the entire 8 mile corridor from Newark's Broad Street Station on the Morris & Essex Line to the Midtown Station on the Northeast Corridor in Elizabeth is estimated to cost $280 Million in 1987 dollars to design and construct, excluding right-of way.

STUDY ANALYSIS

The study investigated four transit technologies: commuter rail, heavy rail (PATH), light rail transit (Newark Subway) and automated guideway transit. The study analyzed several locational options along four corridor alignments. It assumed a connection with the on-airport Passenger Distribution System being developed by the Port Authority of New York and New Jersey in the "Newark 2000" project through either system integration, (is a common system) or an across-platform transfer station. It estimated the capital and operating and maintenance costs of each option.

The study assessed the impact the guideway options could have in enhancing development potential of 27 corridor sites.

The study also considered the opportunity for public/private cost-sharing in implementing such a system. The potential local benefits generated by an automated system in the corridor could be substantial: such as... annual property and wage taxes and parking fees

of $42 Million by 1995; total incremental property values of $492 Million and developer parking cost savings of $77 Million. These benefits suggest a financing and ownership model which incorporates private capital investments, vehicle leasing, and system design, c . struction and operation; and public capital investment, farebox guarantees, franchise award, collection of interlocal payments and r vment of service fees to the private operator.

The total annual cost to cover operating and maintenance costs and debt service payments is estimated at $45 Million. Farebox and other operating revenues at current levels of transit fares in New Jersey meet the operating and maintenance costs, leaving an annual need for $34 Million in todays money to retire the capital debt. This annual requirement could be reduced significantly by up-front private contributions and public grants toward the capital costs.

The information available shows the automated guideway transit option as the most cost-effective. Such a system could support the projected economic development of the urban corridors and could present substantial opportunity for joint public/private development, redevelopment and cost sharing. I must stress the importance of (nomic redevelopment of these urban centers in our review. They prove to be the tipping factor encouraging us to take further steps in evaluating the AGT proposal.

NEXT STEPS

We are now considering our options for best advancing the recommended automated guideway option. We have identified several areas of additional work which must be completed before we can commit to this project. These include:

Project Development: Define alignment and station locations, identify right-of-way needs and costs and specify service performance requirements.

Environmental Assessment: Identify environmental impacts, both positive and negative, including appropriate mitigation measures.

Ownership/Financing Plan: Identify institutional roles and relationships, establish a competitive technology selection and franchising process, secure public and private funds.

At the Federal level it is critical that private/public tax incentives be institutionalized for transit capital programs. This would be a significant step towards developing a true private/public partnership for transit capital programs. The Newark/Elizabeth/NIA Transit Link presents a unique opportunity for a public/private co-venture. The significant increase in local jobs and development intensity and the resulting increase in local property and wage taxes present sufficient local public and private economic benefits to warrant a public/private financing approach. Without federal tax support, this proposal could loose private interests and reduce its overall viability.

Congress should also recognize the important role private industry plays in determining travel patterns. Initiatives to increase the deminimus fringe benefit, such as those now before Congress, would also a significant step towards promoting public transportation.

New Jersey's public transportation needs have been documented to far exceed the funds available. Any federal funding for this project which would reduce funding to other transit capital projects would not be desirable.

At the local level, we recognize the importance of and encourage the formation and implementation of strong land use planning, restrictive parking policies and economic development marketing and incentive programs. Absent this local effort, the corridor development which, in large part, underpins the transit system will not materialize.

These efforts will enable an implementation decision which is cognizant of the various technology and private/public joint venture opportunities which the Newark/Elizabeth corridor can offer.

CLOSING

As you can see, the proposed Newark/Elizabeth/NIA Transit Link has the potential to increase significantly the level of development in the corridor. Investment in the transit link will likely result in more intensive office and hotel development which will produce signficantly more jobs and corresponding transit ridership than the warehousing and distribution facilities currently being discussed by developers within the corridor. An additional 28,700 jobs in the corridor are possible by 1995, with a long term potential for the number to grow to almost 54,000 jobs.

I thank you for the opportunity to inform you about this important opportunity to encourage growth in Newark and Elizabeth while improving transit service for both workers in these cities and for air passengers utilizing Newark International Airport. We look forward to discussing this project with you further and will keep you abreast of our progress.

NEW JERSEY TRANSIT PRIORITIES

Senator LAUTENBERG. Thanks very much, Commissioner Gluck. I was interested in your testimony, and aside from suggesting larger type face, there were great potentials for whoppers in this one, I can tell you.

The thing that struck me is that you were very clear in emphasizing the fact that you didn't want this project in any way to interfere with other opportunities for transportation needs in the state of New Jersey. That's a decision, I would guess, that's made largely at the state level because you are the one determining the priorities. And if your department decides that this is not a high-priority system, obviously, that's the guide the federal government is going to have to use.

Ms. GLUCK. I didn't mean to imply there wasn't high priority. I think what I was trying to convey is that everybody keeps looking toward UMTA. UMTA only has so much money. A lot of that money is committed, hopefully, our share is committed to New Jersey Transit and their new initiatives program. It's a high priority, we may have to find another way to do this, I don't think it will be through UMTA. I guess that's what I'm saying.

Senator LAUTENBERG. Because the point you make is an appropriate one. That is, using the pie analogy, continues to shrink. There's enormous opposition by this administration to providing mass transit. It's ridiculous in my view, not least of which is that it's an appropriate role for the federal government, because all these things eventually tie one thing into the other. People need to get to and from the airports on time. It also means that we are doing business, that we are talking care

of the needs of the country. And to suggest that we don't need help with transit systems, as people move from community to community, state to state, in terms of pursuing their jobs and opportunity, I think is kind of burying our respective heads in the sand. But that's the way it is. It's an administration hostile to transit needs, transportation needs. I keep fighting that battle. Unfortunately, as I said earlier, one of my colleagues, a very distinguished public servant, is no longer with us. Jim Howard's role was a very critical one, and we will have to fight harder, we will have to carry on without him, but it therefore means that we have to cooperate even more effectively than we have in the past. That includes you and the state government, the legislative bodies within the state as well as those of us who are there in Washington.

One of the things that you stated on page 5 of your testimony, was that the annual requirement could be insignificantly reduced by up-front contributions of public grants toward the capital cost. That's true. Could be reduced. Of course, we have to provide for maintaining the life of the system, too, and therefore capital investment is also required, no matter what. It doesn't take long before these systems wear and you have to put money back into them. So we don't get by, obviously, even if we had total grants to build. So we will still need something above the operating costs to maintain the system.

PROJECT'S PROSPECTS

But if their figure is right or their estimates are reasonable, do you believe that the Gannett/Fleming consultant's description of a doable project is there? Do you have enough information yet to confirm at least a belief?

Ms. GLUCK. Yes; we do have enough information to believe that it is doable. In 1987 dollars, not to say that that, obviously, won't go up and doesn't include the right-of-way costs. But we absolutely do things, it's doable. I mean, the ridership demands will be there, we think, too.

I mean, if you wanted to justify this originally strictly from a transportation point of view, you might have had a problem as far as that's concerned, but we are talking about more here. We are talking about what you talked about before and what Len Lieberman testified to as a member of the state planning commission. I'm a member of that commission, as well. What we are talking about here has to do with more than ridership. Has to do with economic development. It has to do with people getting out of their automobiles if possible, getting onto some kind of mass transit or people that don't have automobiles. Being able to be mobile to go to jobs. I think it's really vital to this area.

Senator LAUTENBERG. You pose an interesting question which we will not debate today, but in the areas of job creation, business opportunity, commercial development, what is the federal Department of Transportation's role there? Should it be in some other department? I mean, the transportation phase of it, obviously, belongs with transportation, but if you talk about investments in economic development, the whole infrastructure has to be included in economic development. Quality of life

issue, et cetera, we just can't do without. And the transportation agenda, I'm sure you've seen in your recent experience, has not been faced up to. There is not yet the awareness of how critical a totally balanced transportation network including, highways, railways, and guideways is required to maintain a reasonable quality of life.

Ms. GLUCK. Assuming what you say is valid, and I think it is, but all the potential to make those broad policy decisions, to have that decision, rests within the U.S. DOT, much like it rests within the New Jersey DOT on a state level. It's all there, we don't do it in a vacuum. I hope, but I don't know how the federal government works, but I would hope they don't make those decisions either in a vacuum without discussing some things with commerce. We had discussions with our departments here, we are very involved with DEP, very involved with economic development side of it. We don't look at it only in a vacuum. Planning Commission here in New Jersey was very much involved in all aspects of it. We try very hard to take the broadest view that we can, and I would hope that that's the way it's done.

ECONOMIC DEVELOPMENT

Senator LAUTENBERG. It's a broader agenda. The question is if we look, as I think the port authority has done, if you look only at the specific transportation needs to get from someplace to the airport, I think it misses the mark. Because the business decisions often follow the transportation opportunity. I mean, if you look at our highways, as soon as Route 78 opened up, people are doing construction. Same thing here, there are few business people who are going to make decisions, put a plant in, construct an office, develop a facility without thinking how people are going to get back and forth to work or customers back and forth. It's either going to be a reasonable highway location or reasonable bus location or something of that nature.

Mr. CRAWFORD. Senator, if I might. There's an irony here between the way the Federal Highway Administration looks at justifying where economic development is one of their key ingredients and that they are—in locating a new highway, if there is a lot of economic development and therefore, the travel generated by that, that's a key initiative for them to sponsor a project. On the transit side they are looking at existing use and what is the projected base of money on the existing development. There is a sort of dichotomy there that isn't really giving consideration to the full economic benefit of transit.

Ms. GLUCK. Senator, you should know that the American Subsidization of Transportation State Highway Officials, which is our umbrella organization for DOT's throughout the states, of all of them, all 50 of them, we were the only state that held our 20/20 meetings, our transportation 20/20 meetings which you submitted to, we were the only ones that held them with transit. We were the only ones in the country that decided, I guess, that we should be doing this together, and that we couldn't, any of us, survive alone, that it was highways and transit. No matter what the form, light rail, mass transit, waterborne, air, and we

have sometimes had a very difficult time in that organization trying to get the people, I guess, maybe who live all the way out west, to understand, or in the middle of the country, to understand that transit plays an important role in this mix. And by the same token, the port authority should have no problem with that. They are into economic development. They should understand that economic development follows something like this. It's just that you know what happens during negotiations.

Senator LAUTENBERG. I'm reminded of a debate that took place on the floor of the Senate between Senator Armstrong from Colorado and Joe Biden from Delaware. And Senator Armstrong asked the question, why is it that taxpayers in Colorado have to pay so that someone gets on a train in New Jersey or New York or the Northeast and rides to work at a rate expensive to the taxpayers of Colorado?

And Joe Biden asked, why is it that the taxpayers in Delaware, New Jersey, and all over have to pay every time you raise a glass of fresh water to your lips to put those reservoirs in to get the irrigation systems that you need out there? We are all in this together. Some people don't see the connection between their rural states and the well-being of this area, but they are constantly reminded about it by this chairman of the transportation subcommittee. They come to me often with their proposals. Suddenly from being the perfect place for agriculture and recreation, to wanting a light rail study or tunnel or this or that, I remind them that what goes around comes around.

PROJECT COSTS

Your estimate of the total cost, does it include the right-of-way acquisition?

Ms. GLUCK. No; it does not include them.

Senator LAUTENBERG. Are you satisfied the $280 million is in the ballpark?

Ms. GLUCK. Yes; but that does not include right-of-way.

Senator LAUTENBERG. Any idea what that acquisition would be?

Mr. CRAWFORD. Senator, we won't find that until we do the environmental studies. Because, quite frankly, the environmental cost will largely be driven by what kind of environmental problems we will find and what we can use publicly on existing rights-of-way.

Senator LAUTENBERG. The estimate for fares was made on roughly 12 million passengers, at about a buck a ride, is that what it is?

Ms. GLUCK. Yes.

Senator LAUTENBERG. Does that still hold?

Mr. CRAWFORD. The assumption is based on the report looking at existing transit fare structure and used that for comparative basis, that's what was done, and is still realistic, I think. All in today's terms, not to assume when something is built, it's going to be $1 a ride.

Senator LAUTENBERG. Anybody have an idea of the cost for parking long term here?

Mr. CARLSON. Still $5 a day.

Senator LAUTENBERG. Are those the lots where you can walk to the terminal?

Mr. CARLSON. No.

Senator LAUTENBERG. What do you call those, short term not long term?

Mr. CARLSON. Daily parking is what we call that, I believe. It's $18 a day.

Senator LAUTENBERG. Those are right alongside the terminal? Or the one across?

Mr. CARLSON. Second tier.

Senator LAUTENBERG. $18 a day?

Mr. CARLSON. $18 a day and the maximum, I believe, the maximum is $48.

Senator LAUTENBERG. It's nice for economy flying passengers to come and use their frequent flyer claims to be able to get a ride for 30 bucks and be able to pay $18 a day for the weekend to park.

The projection for transit ridership is not to charge by the day, it's to charge by the trip. So round trip could be two bucks and the other thing is $18 a day for as many days as you are away. Sounds like a pretty competitive proposal to me.

PEAK VERSUS OFF-PEAK

Have you looked at the projections on whether or not the traffic would be essentially commuter-type traffic or how much of it might be off peak of the 12 million a year?

Mr. CRAWFORD. Mr. Chairman, we have looked at this in terms of it being during the normal business day. We did not look at it extended way out into the fringes of a.m. or p.m., which is part of the reason that the ridership for the employees of the airport is not as it might be. The airport employees tend to start work at a very early hour, some of them have late hours in the evening, it won't be convenient for transit but for the period of roughly 6 a.m. until 8 p.m. is when the basic system was looked at. There is an assumption there would be some round-the-clock service. It would be a periodic service, not a frequent type of service.

Senator LAUTENBERG. Why did the consultants turn down a trolley? Do they call trollies light rail now?

Ms. GLUCK. Yes.

Senator LAUTENBERG. Or extension of the Path or heavy rail link.

Ms. GLUCK. I think the Path extension would have been very, very costly by comparison, very costly. And the Newark subway as well, if I'm not mistaken.

Mr. CRAWFORD. The light rail problem was basically the elevation that would have to be done in order to get over the highway spaghetti that we have to have in order to get into the airport itself.

The extension of Path with its heavy rail configuration, with its third rail protections would have to be put in place, it's just a very cost prohibitive type cost, also much higher operating cost.

Senator LAUTENBERG. Anybody ever estimate what that cost could be for the Path extension?

Mr. CRAWFORD. Yes; we have that.

Senator LAUTENBERG. Because port authority has so much money, I mean, if they paid the whole thing——

Ms. GLUCK. That's not what they said at the first meeting I went to.

Senator LAUTENBERG. They are the ultimate transferrer of funds from the automobile rider to the mass transit.

Mr. CRAWFORD. The 1987 cost for Path would be about $388 million.

Senator LAUTENBERG. $388 million?

Mr. CRAWFORD. About $100 million more than automated guideway. Also has a lower ridership rate and also has a substantially higher operating and maintenance cost.

LENGTH OF CONSTRUCTION

Senator LAUTENBERG. Did you or the consultants take a look at how long it might take to construct the proposed system?

Ms. GLUCK. Not yet, because we don't know what's involved environmentally and that's always one of the keys. We have to do an environmental assessment before we can go ahead and purchase the right-of-way, and you know what it's like in certain parts of New Jersey. So we just don't know if we are going to find anything, and if we do, we don't know what it's going to be. We don't know how much of an involvement. Until we know that, which is what we are going to be doing, we can't hazard a guess.

Senator LAUTENBERG. You have a bunch of projects on the drawing board, and we talked about how this might affect DOT in New Jersey. You have one of the more interesting portfolios, and I'm sure Mr. Dooling would agree, in terms of exciting things to do, between the DEP and DOT and you have a command position.

OTHER PROJECTS

Included in the things you are working on now, Secaucus transfer and capital improvement to existing lines, where does this project fit in relation to those? Does it in any way?

Ms. GLUCK. Well, we have begun some of the engineering and design on some of the new issues. We are beginning that one. But this ranks up there very high in this commissioner's list of projects, and the question is, I guess the challenge will be how to do this and in a timely fashion, maybe coming up with unique kinds of financing for it, because I think we have to make a commitment to do it. We can't between this and the light rail system at the waterfront, Senator, and Atlantic City is talking about a monorail. It's really dual rail, we don't have a monorail commission in this state so obviously it's not running around as it is in Disneyland, I don't think. Other areas in the state where this kind of technology, particularly urban areas, might be applicable, particularly in Camden, talking about some kind of trolley service for the future where you would revitalize urban area, I think would

have to be very high on the priorities, no matter what the administration is.

It's a question of maybe being able to work out—maybe doing things in the future a little different vis-a-vis funding but models across the country show that these things have happened before, and I think they will happen here.

What we have to do is bring it to a point where we are ready to go ahead on it. Do the alternative analysis, do the environmental assessment, figure out the route, the alignment of AGT, figure out what it would cost to buy the right-of-way, in the meantime working on the same track as to how to fund it with the public/private partnership. If we were fortunate enough to get some kind of tax break for the private sector, I don't even know if that's possible, I don't know if it's pie in the sky, something to encourage it.

Senator LAUTENBERG. They get it by any contributions they make. Just like any other cost for doing business. You have the federal tax share, corporate taxes too, but it still leaves roughly 60 cents on the dollar that comes out of the pocket of the corporation.

What pieces have to fall into place for DOT to aggressively get on this project? The environmental studies, the alternative studies?

NEXT STEPS

Ms. GLUCK. The next steps, sir, are on this chart, Senator, and define the alignment and the transfer location at Newark International Airport, complete the project development, the environmental assessment phase, which is right-of-way, alignments costs, environmental assessments, performance requirements, competitive selection process, commitments, complete ownership financing plan, and identifying development policies and programs. We are going to keep moving on this as through each of those. We have the growth connection, they would hardly let us do anything else, anyhow.

Senator LAUTENBERG. Let me ask you as we close this session, what do you want the chairman of the Transportation Subcommittee of Appropriations to do in helping this along.

Ms. GLUCK. I thought about that a lot. I figured you might ask it. I mean, if there were a new supply of money——

Senator LAUTENBERG. But there ain't.

Ms. GLUCK. But there ain't. I have to let you off the hook, Senator, except what we talked about with regard to the subsidies that we allow through the IRS laws for parking automobiles versus what we allow for people to take mass transit. There's a great inequity there, and if we could move up from $15 a month to something reasonable to something sensible, we might be able to get people on mass transit to go to work rather than their automobile, I think that would be a tremendous step forward in what we are trying to do. You spoke last time when we met about pollution. It's all tied together. Pollution, mobility, urban redevelopment. We think that would be an enormous help to be able to raise that up to kind of level that would make employers say, OK, start taking the trains or buses.

Senator LAUTENBERG. Thank you very much for your testimony. We compliment you for the effort that you are putting into solving these problems, the problems are numerous, many faceted, but it takes energy, it takes commitment, you certainly have that, and we want to work with the New Jersey DOT and the state to help solve the problems. It's no longer possible to point the finger at the federal government and say, hey, come on up with the money.

Ms. GLUCK. Right.

Senator LAUTENBERG. I can tell you this, it's critical that we in Washington be in position where we can help protect the state's needs. Because out of sight down there is out of mind. That's why the loss of Jim Howard, on a personal basis, was tough. Someone I worked very closely with because we had a partnership agenda. But his influence in the decisionmaking process, what I mean is that this was someone who genuinely believed the infrastructure in our country was the principal basis for continued growth and development and protecting the quality of life. I feel the same way.

I have a big assignment down there and I hope that Jim Howard's successor will be someone who understands the transportation agenda, the environment agenda, the critical things for our state. We have people in good places, Bill Bradley, as you know, on the Finance Committee. Maybe we ought to talk to Senator Bradley about some of the taxes you are talking about specific to transportation. We have other members of the congressional delegation, who sit on Appropriations, who sit on Finance. We want to make sure that we are all working together. On my side, with the subcommittees I chair, one on environment, one on transportation, I fight like the devil to make sure whatever pieces of the pie are out there, that we are going to get more than our fair share, because otherwise they would like to walk away from us. They see the prosperity numbers being posted about New Jersey, second highest per capita income, third highest patent producer, development here, development there, housing costs soaring, implying that everybody has bundles of money. I will tell you something, you know what they say in Washington, you don't need any help up there in New Jersey, you got everything going for you, you got the pharmaceutical industry, one of the primary industries in our country, housed there, you got all kinds of good things. Atlantic City, largest tourist attraction in the country. Hell, you don't need any help. We need help. We got to work at it.

CONCLUSION OF HEARING

Thank you all very much, this hearing is now adjourned. The subcommittee will recess and reconvene at the call of the Chair.

[Whereupon, at 1:15 p.m, Tuesday, April 5, the hearing was concluded and the subcommittee was recessed to reconvene at the call of the Chair.]

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